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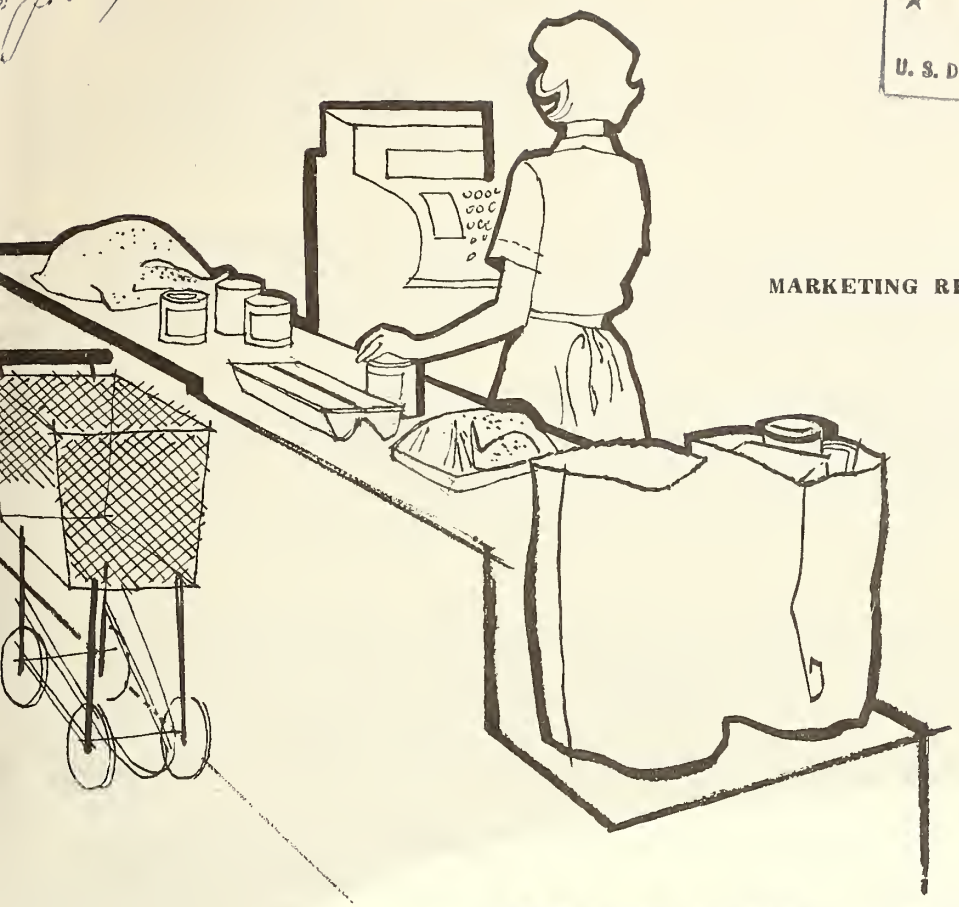

MARKETING RESEARCH REPORT NO. 314

Marketing Costs and Price Spreads for EGGS, FRYING CHICKENS, and TURKEYS

...sold in San Francisco

U. S. DEPARTMENT OF AGRICULTURE
Agricultural Marketing Service
MARKETING RESEARCH DIVISION

PREFACE

This report on price spreads and marketing costs for eggs, frying chickens, and turkeys is one of several similar reports on food items that have been published or are planned by the Agricultural Marketing Service, U. S. Department of Agriculture. These reports are designed to help meet a need for public information on farm-to-retail and component price spreads on food and are part of a broad program of research designed to help reduce costs of marketing farm products.

Results of research on marketing costs and margins in San Francisco are presented for various sizes and grades of eggs, frying chickens, and three sizes of turkeys. Problems closely related to costs and price spreads, particularly trade practices, are also treated.

The author is grateful for the cooperation and assistance of the many retailers, wholesale-distributors, assemblers, and processors who supplied most of the information on which this report is based.

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April 1959

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SUMMARY

Eggs.--Technological advances in the assembly and distribution of eggs have enabled low price spreads to prevail in the San Francisco market. Direct farm-to-retail price spreads for all eggs sold through retail stores in San Francisco in December 1956 and June 1957 averaged 14.0 cents per dozen. Component spreads averaged 4.1 cents for retailers and 9.9 cents for assembler-distributors.

Much of the variation in retail price spreads among certain grades and sizes of eggs reflects store pricing policies designed to feature eggs as special sales items at low markups to attract customers and to adjust sales to seasonal variations in supplies. As a result, averages of "actual" monthly markups for all eggs taken by all retailers in San Francisco were 3.2 cents per dozen lower than "regular" markups of 7.3 cents. Regular markups on eggs are those taken by retailers when they are not featuring eggs in special sales promotions. There was little difference in average actual price spreads on all eggs between chain and independent retail stores. Grade AA large eggs comprised more than two-thirds of all eggs purchased by retailers. About 73 percent of all egg sales by all San Francisco retailers were made on weekends.

Average distributor price spreads ranged from 8.3 to 10.7 cents per dozen for graded cartoned eggs, and from 5.5 to 7.2 cents for graded loose eggs sold to retailers in December and June. Trading between distributors for loose current receipt eggs brought markups of about 1 to 1.5 cents per dozen. Brokers sought average fees ranging from 0.5 to 1 cent per dozen. About 80 percent of the eggs sold in San Francisco were distributed by three firms.

Frying chickens.--Cumulative gross farm-to-retail price spreads by marketing levels for ready-to-cook fryers processed in the South and sold through chain-owned retail poultry departments in San Francisco in June 1957 averaged 26.1 cents per pound. Component spreads averaged 15.7 cents for retailers, 1.1 cents for distributors, and 9.3 cents for southern processors. Similar gross spreads for other types of distribution channels ranged from about 12 to 28.5 cents per pound.

Seventy-one percent of the retail food stores sampled in San Francisco handled fryers. Concessionaires operated poultry departments for two out of the seven chainstore organizations and for almost two-thirds of the independent retailers. Price spreads varied more by type of poultry department ownership than between independents and chainstores. Concessionaire price spreads were generally higher than those of owner-operated poultry departments whereas average spreads for all chains and all independents were about the same. This is a major reason why retail price spreads reported for San Francisco are higher than for other major cities where concessionaire-operated poultry departments in retail stores are not so common.

About 70 percent of all ready-to-cook frying chickens in all stores were sold on weekends. Proportionately more fryers were sold on weekends in independents than in chainstores. Weekend price spreads averaged 2.2 cents per pound less than the monthly averages.

Noticeable changes have taken place in the marketing of frying chickens in the San Francisco market, especially in the increased shift from New York dressed to ready-to-cook fryers. This shift was largely the result of recent California poultry inspection regulations and competition from southern processed ready-to-cook fryers. Wholesale distributor markups on ready-to-cook frying chickens in San Francisco were about 1 to 2.5 cents per pound.

Most ready-to-cook frying chickens sold in San Francisco were slaughtered in processing plants located either in the South Central States of Arkansas, Texas, and Mississippi, or in the San Francisco Bay Area. Typical operating costs per pound for frying chickens shipped to San Francisco in June 1957 averaged 9.3 cents for southern processors. Similar costs for Bay Area processors selling to retailers averaged 12 cents. Major factors affecting comparatively low unit costs and favorable competitive situations of southern fryer processors were: (1) Economies of scale--combined with the utilization of advanced technology and plant layout--in processing operations, and (2) recently reduced average freight rates.

Handlers of live poultry in the Bay Area took markups on frying chickens of about 1.5 to 2 cents per pound. Ranch prices for live frying chickens in the Bay Area were higher than those in the South Central States.

Turkeys.--Cumulative gross farm-to-retail price spreads for both fresh and frozen medium-weight turkeys, ready-to-cook basis, in all retail outlets varied seasonally, but average margins for November and December 1956 and June 1957 were 17 cents per pound. Component margins averaged 4.8 cents for all retailers, 2.2 cents for distributors, and 10 cents for processors. Prices and price spreads per pound generally increased and price spreads per bird decreased as the size class of turkeys decreased.

Sixty-nine percent of the retailers in the study, including all chainstores, handled turkeys. Concessionaires sold more than half the total volume of turkeys handled by independent retailers. Seasonal variations in price spreads taken by all concessionaires were slight compared to those taken by chain-owned outlets. Average price spreads for all turkeys in all stores, however, were about 9 cents per pound more in June than in the other 2 months.

Turkeys handled by chainstores during the holiday season were generally frozen whereas those handled by independents were generally fresh. In June, however, nearly all turkeys handled by all retailers were frozen. Retailers and distributors handling both fresh and frozen turkeys took wider price spreads for fresh than for frozen turkeys.

Distributor markups for all turkeys averaged 2.4 cents per pound for the 3 months. Wholesale distributor margins per pound generally averaged 0.5 cent for brokers, 1 cent for jobbers, and about 2 to 6 cents for others. More fresh than frozen turkeys were handled by distributors during November and December, but less than 10 percent were fresh in June.

Processor price spreads remained fairly stable during the 3 months, averaging 9.3 cents per pound, although average prices for all turkeys in June were considerably lower than in November or December.

MARKETING COSTS AND PRICE SPREADS FOR EGGS, FRYING CHICKENS, AND TURKEYS SOLD IN SAN FRANCISCO

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INTRODUCTION

Noticeable changes have taken place in the marketing of poultry and eggs in recent years. Distributing the eggs, frying chickens, and turkeys produced by thousands of farmers in the United States is a tremendous, complex task. In 1957, farmers produced more than 5 billion dozen eggs, 4.3 billion pounds of chicken fryers, and 1.6 billion pounds of turkeys.

Marketing these major food items involves the services of many handler-assemblers, processors, transportation companies, warehouses, wholesalers, and retailers--all of whom incur a share of the total marketing cost. The combinations of these marketing agencies may differ among cities, commodities, and types of distribution channels, thereby affecting component costs and total farm-retail price spreads. Some people argue these spreads are excessive, but marketing firms usually contend that their marketing costs and margins are reasonable. 1/ Public interest in farm-retail price spreads on foods has been strong, especially since costs of foods have been increasing.

Purpose of This Study

A recent marketing study showed that farm-retail price spreads for San Francisco were higher on frying chickens and lower on eggs in 1956 and 1957 than in several large cities in other areas of the United States (2). 2/ The nine cities studied are Atlanta, Baltimore, Boston, Chicago, Cleveland, Los Angeles, New York, St. Louis, and San Francisco. For example, during 1957, farm-retail spreads on Grade A large eggs in San Francisco were 18 cents per dozen compared with 22.5 cents in Atlanta, 24.8 in Chicago, and 28.6 in New York. Similar price spreads for Grade A ready-to-cook frying chickens in San Francisco were 31.6 cents per pound compared with 16.3 cents in Atlanta, 17.2 in Chicago, and 17.8 in New York. To find the cause of the marked

1/ In this report the terms price spread, margins, and markups will be used interchangeably. These terms represent the difference between prices received and prices paid at given market levels for the respective commodities.

2/ Underscored numbers in parentheses refer to items in Literature Cited, page 46.

difference between price spreads in San Francisco and other large cities, it was necessary to get more detailed information on marketing costs and trade practices for San Francisco.

This report covers marketing prices, price spreads, costs, and channels of distribution for the principal sizes and grades of eggs, frying chickens, and turkeys sold through retail stores in San Francisco.

In 1957, the San Francisco market received approximately 20 million dozen shell eggs, 26.5 million pounds of processed poultry (mostly frying chickens), and 12 million pounds of turkeys. 3/ Most of the eggs and poultry sold in the market, with the exception of frying chickens, were produced in California.

Methodology and Scope of Study

Approximately 1,454 retail stores were operating in San Francisco in the spring of 1956. 4/ All of the multiple-store organizations and a stratified random sample of about 35 representative independent retailers were visited in 1957. Information was obtained on buying and selling prices and practices and sources of supply for November 1956 for turkeys and December 1956 and June 1957 for eggs, frying chickens, and turkeys. These months were selected because (1) November and December are the two most important months for turkey sales, and (2) retail prices for eggs are near a seasonal high in December and low in June, though approximately the reverse is true for frying chickens (figure 1).

All of the 56 retailers in the sample handled eggs, but only 40 handled poultry. In two out of seven chainstores and in 23 out of 33 independent retail stores concessionaires operated the poultry departments. 5/ In about 44 percent of all retail stores in the "Retail Grocery Route List" that handled meat in San Francisco in 1956, the fresh meat and poultry departments were under the ownership and management of independent operators on a concession basis.

Information on buying and selling practices was also obtained from the principal wholesalers selling to the retailers in this study and from egg assemblers and poultry processors selling to these wholesalers and directly to the retailers. In addition, egg assemblers and poultry processors provided detailed information on their operating costs.

Twenty-three egg assembler-distributors, including five creameries in the San Francisco Bay Area and six in the Midwest, provided information. Most of the Bay Area firms functioned as egg assemblers and wholesalers. Most of the midwestern firms functioned primarily as brokers.

3/ These figures are probably low because not all direct shipments are included (8, pp. 55 and 60, tables 138, 140, and 141).

4/ Names for the 56 stores in the sample were adapted from the "Retail Grocery Route List, 1956" (5).

5/ Chainstores were classified as groups of four or more stores with central buyers as listed in the "Retail Grocery Route List, 1956."

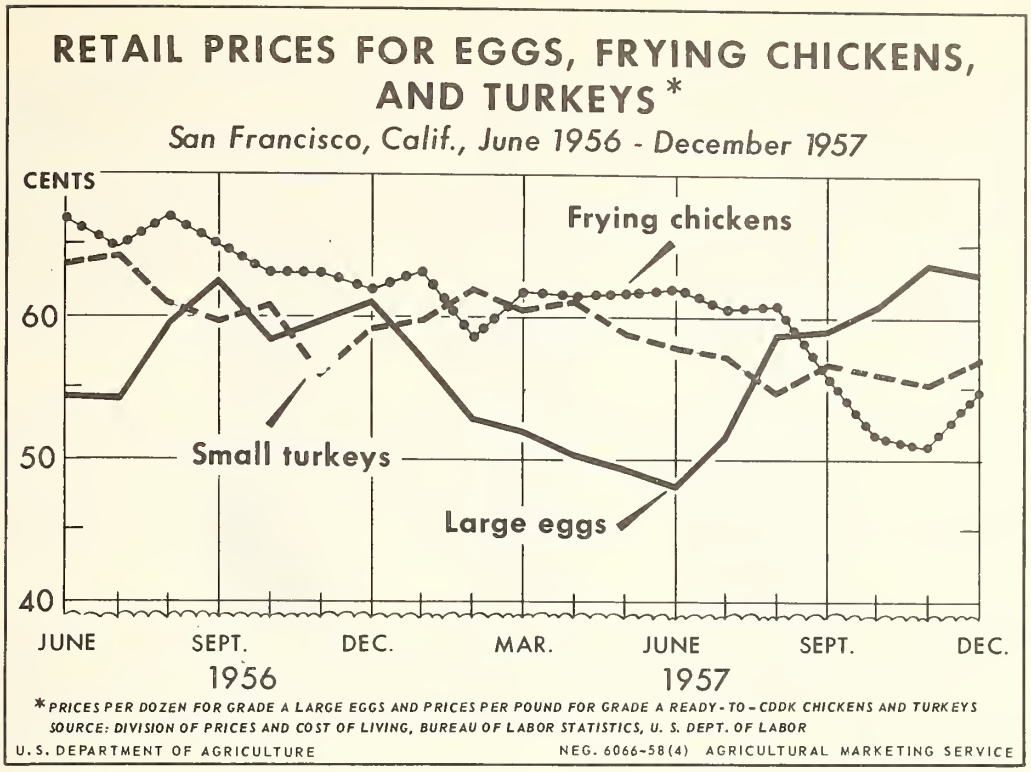

Figure 1

Fourteen distributors of poultry products in the Bay Area cooperated in the study. Some of these firms functioned only as brokers or jobbers, but most were processor-wholesalers. Four of the distributors received large volumes of ready-to-cook frying chickens from processors in Texas, Mississippi, and Arkansas during the period of this study. Distributors received practically all of their turkeys from processors located in the San Joaquin Valley.

In addition, six frying chicken processors in Texas, Mississippi, and Arkansas, and eight turkey processors in the San Joaquin Valley and other areas of California supplied information.

EGGS

Farm-to-retail price spreads for all eggs sold through retail stores in San Francisco in December 1956 and June 1957 averaged 14 cents per dozen (table 1). Retail margins were about 4.1 cents per dozen and assembler-distributor margins averaged 9.9 cents. Price spreads varied considerably around these averages because of such factors as grades and sizes of eggs, season, type of store, pricing policies, and trade channels.

Retailers

Pricing policies.--Regular markups on eggs are those normally taken by retailers when they are not featuring eggs in special sales promotions. From time to time food stores take low markups on a limited number of items regularly purchased by most consumers to attract customers to their stores. Combinations of these advertised "special sales items" vary considerably among cities and individual stores. In San Francisco, since both chain and independent retailers frequently use eggs as "specials," this policy is a major factor responsible for the relatively low actual farm-retail spreads on eggs shown in table 2.

About 62 percent of the chainstores had special sales on eggs in December 1956, but in June 1957 all chains were selling eggs as "specials" at one time or another. About 47 percent of the independent retail stores in December and 38 percent in June were also featuring eggs. Some stores reported featuring certain grades and sizes of eggs during special sales at prices averaging 4 cents below cost.

Specials on eggs in San Francisco retail stores were often in effect for a week at a time (usually from about Thursday through Wednesday). As a result, average weekend price spreads did not deviate as much from average actual monthly price spreads as they did from average "regular" monthly spreads (table 2).

Nearly three out of every four dozen eggs purchased by all San Francisco retailers were sold on weekends (table 3). Noticeable deviations from normal weekend sales percentages occurred in sales of Grade A large "dirties." Many of the smaller independent retailers reported making about two-thirds of their sales on weekends while others reported their egg sales to be evenly distributed throughout the week.

In numerous instances, some eggs were displayed in nonrefrigerated segments of retail stores. Often these nonrefrigerated eggs were being sold as specials.

Grades and sizes.--Grade AA large and Grade A medium cartoned eggs were the two most important classes of eggs handled by San Francisco retailers in December 1956 and June 1957 (table 3). Grade A small eggs with the smallest volume of sales carried the widest average monthly retail price spreads of the three sizes (figure 2), and had the same monthly and weekend averages. Regular markups on eggs varied little among grades and sizes from the 2-month average for all eggs--7.3 cents per dozen. However, there was considerable variation by grade and size both between and within months from the 2-month average of actual monthly and weekend spreads for all eggs in all stores. The actual monthly spread for all eggs in all stores was 4 cents per dozen; the actual weekend spread was 3.2 cents per dozen. Again, most of these differences in price spreads by grades and sizes of eggs were apparently due to individual store pricing policies of advertising some grades and sizes and not others as special sales items.

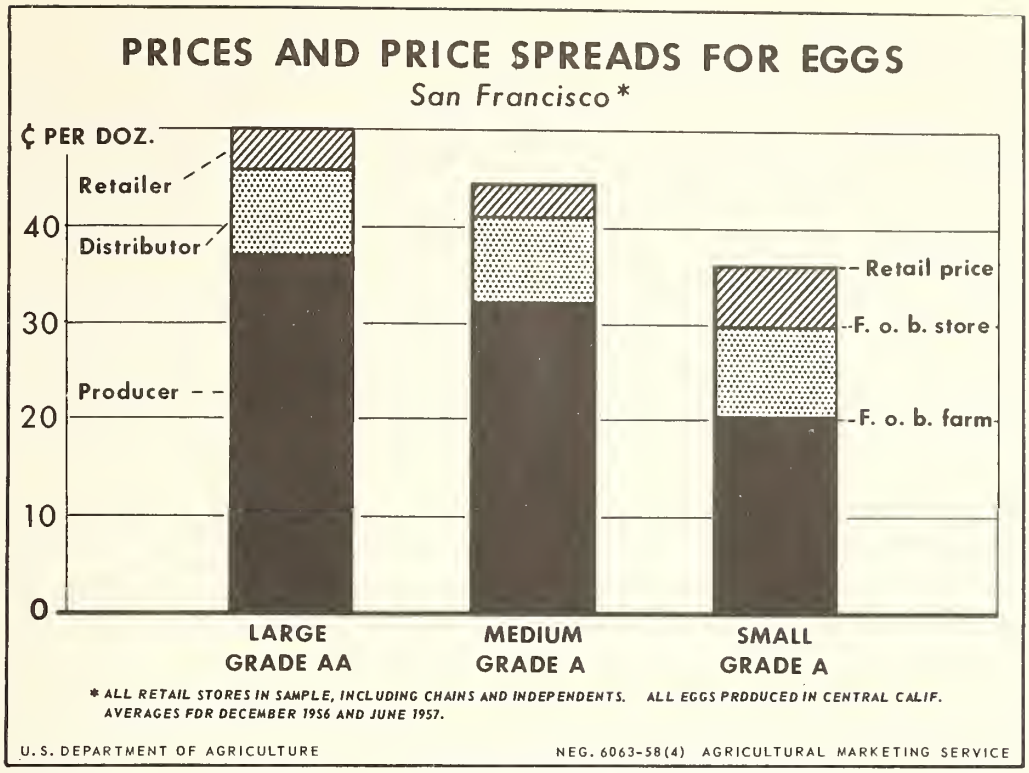

Figure 2

Season.--In June 1957, emphasis on weekend specials was shifted primarily to Grade A mediums from the December emphasis on Grade A large and Grade A large dirties. Fewer Grade A large and Grade A large dirties were purchased in June than in December. Purchase and selling prices were lower for these grades but margins were higher. Both monthly and weekend average price spreads were wider in June for the "dirties," but relative weekend sales percentages for chainstores increased substantially over what they were in December (table 3). Retailers generally took lower margins on Grade AA large eggs as well as Grade A mediums in June.

Retail stores purchased about 32 percent more eggs in June 1957 than in December 1956, and most of this increase was for Grade AA large eggs. Chainstores purchased proportionately more eggs in June than in December than did independent retailers. Chainstores appeared to be relatively more responsive to changes in price than were independents, especially on Grade AA large cartoned eggs (table 3). This may be partially due to the fact that chainstores rely on a more diversified patronage which is perhaps more price conscious than regular patrons of local independent retailers.

Average purchase and selling prices for all eggs in all stores in June were generally about 12 cents per dozen lower than in December, and comparable price spreads averaged slightly lower. Seasonally, price spreads for Grade AA large eggs, although lower in June than in December, were relatively more stable than those for other grades and sizes of eggs. These seasonal declines

in prices and price spreads appear to be somewhat inversely related to seasonal increases in egg production.

Type of store.--There was little difference in average actual price spreads on all eggs between chain and independent stores, although regular markups taken by independents averaged 1.2 cents per dozen more than those applied by chainstores. This was because independent retailers averaged larger reductions on weekends from their "regular" markups than did the chains. Average regular monthly markups for all eggs in all stores in December were 2.9 cents per dozen more than average actual monthly markups, and 3.5 cents higher in June. Regular markups taken by independent retailers on all eggs were the same in June as in December whereas similar markups in chainstores were slightly lower in June. Average actual monthly spreads were strongly influenced by special sales which accounted for wide deviations from "regular" markups.

Trade channels.--Retailers in San Francisco bought about 80 percent of their eggs from three firms and the rest from small wholesalers or farmers. Published egg prices of two big assembler-distributors were used as a basis for price-making decisions by many other assembler-distributors in the area.

Retailers generally received regular price discounts for volume purchases of eggs from distributors, but many retailers received special price discounts from their suppliers for eggs which they planned to feature as specials at reduced margins. They also received about one-half cent per dozen allowance for eggs when they picked them up themselves rather than have them delivered.

Assembler-Distributors

Distributors' price spreads for cartoned Grade AA large eggs sold to retailers were nearly 9.5 cents per dozen during December 1956 and June 1957. Price spreads for other selected grades and sizes of eggs are shown in table 4. These spreads varied by grade and size and for loose and cartoned eggs when purchased and sold. None of the chainstores purchased loose eggs. Distributors sold more loose eggs to independent retailers in December than in June (table 5).

There was a considerable amount of egg trading between distributors of all sizes. This practice was particularly apparent when a given firm found itself too short of eggs to meet its commitments. Markups of approximately 1 to 1.5 cents per dozen were taken by distributors in Sonoma County for sales of loose current-receipt eggs to other wholesalers in June 1957 (table 6).

Retailers purchased eggs from distributors located within a 60-mile radius of San Francisco. The two largest distributors of eggs in San Francisco now have their main assembly and distribution plants located in the East Bay Area. Their marketing operations are highly integrated.

Some Bay Area egg distributors bought eggs from the Los Angeles area at prices averaging about one cent per dozen below prices in Sonoma County. This penny approximated the transportation differential between Los Angeles and San Francisco. Some distributors supplying retailers and other outlets with eggs in December purchased shell eggs from distributors in the Midwest who functioned largely as brokers for other egg dealers within a wide radius of their plants.

Midwestern eggs brought into San Francisco made up about one-third of the total volume of egg receipts reported for the city in December 1956 (table 7). Most of the midwestern eggs were received in San Francisco during the winter months. In June 1957, only about one-tenth of the reported San Francisco shell egg receipts originated in the Midwest.

San Francisco and midwestern egg brokers sought to operate on average margins of about 0.5 to 1 cent per dozen. Midwestern eggs were sold at wholesale at prices several cents below nearby eggs. Distributor purchase prices were paid f.o.b. San Francisco. Freight costs from midwestern shippers to San Francisco approximated 3 cents per dozen. Usually truckers took about three days to transport eggs from the Midwest to San Francisco.

Several distributors in the Midwest reported their prices were based on the New York commercial quotation. Prices to farmers were about 9 cents under the f.o.b. delivered New York price quotation. Allowing 3 cents for freight costs to New York, prices to farmers for loose eggs, graded by size only, were approximately 6 cents per dozen below f.o.b. plant selling prices.

Midwestern assembler-distributors reported their total operating costs for sales f.o.b. their plant ranged from 6 to 7 cents per dozen. Some reported allocated costs per dozen were approximately 1.5 cents for procurement, 3 cents for candling and cartoning, 0.5 cent for oiling (when done), and the balance for miscellaneous items.

Egg assembler-distributors in the San Francisco Bay Area reported their total costs for handling eggs in December 1956 and June 1957 were about 9 cents per dozen (table 8). Handling costs per unit in December were higher than in June, due in part to the smaller volume of eggs handled during the winter month. Procurement costs in the Bay Area were lower than those reported by midwestern assemblers, partly because of the more concentrated production in the Bay Area. The largest allocative cost item for egg assemblers was candling and cartoning. This figure represents typical costs for labor and supplies used in the candling and cartoning operations of the plant. Lack of adequate and uniform record keeping by a sufficient number of firms prevented a more detailed itemization of cost items in this study.

Table 1. -Eggs: Farm-to-retail prices and price spreads per dozen in direct distribution channels, for selected grades and sizes, San Francisco, December 1956 and June 1957

Item	December 1956		June 1957		2-month average	
	Price	Spread	Price	Spread	Price	Spread
	Cents	Cents	Cents	Cents	Cents	Cents
Grade AA Large:						
Retail sales price 1/	56.7	---	45.4	---	50.0	---
Retail spread	---	4.5	---	4.0	---	4.3
Retail purchase price 2/	52.2	---	41.4	---	45.7	---
Distributor spread	---	9.8	---	9.4	---	8.8
Distributor purchase price 3/	42.4	---	32.0	---	36.9	---
Gross spread	---	14.3	---	13.4	---	13.1
Grade A Medium:						
Retail sales price 1/	53.3	---	36.5	---	44.5	---
Retail spread	---	4.3	---	2.7	---	3.4
Retail purchase price 2/	49.0	---	33.8	---	41.1	---
Distributor spread	---	10.4	---	9.3	---	8.9
Distributor purchase price 3/	38.6	---	24.5	---	32.2	---
Gross spread	---	14.7	---	12.0	---	12.3
Grade A Small:						
Retail sales price 1/	4/ 46.2	---	4/ 32.0	---	36.1	---
Retail spread	---	7.0	---	6.0	---	6.3
Retail purchase price 2/	4/ 39.2	---	4/ 26.0	---	29.8	---
Distributor spread	---	9.6	---	9.1	---	9.5
Distributor purchase price 3/	29.6	---	16.9	---	20.3	---
Gross spread	---	16.6	---	15.1	---	15.8
All eggs:						
Retail sales price 1/	55.9	---	43.6	---	48.9	---
Retail spread	---	4.5	---	3.7	---	4.1
Retail purchase price 2/	51.4	---	39.9	---	44.8	---
Distributor spread	---	10.3	---	10.4	---	9.9
Distributor purchase price 3/	41.1	---	29.5	---	34.9	---
Gross spread	---	14.8	---	14.1	---	14.0

1/ Retail data are for all cartoned eggs handled in all chain and independent stores in the sample.

2/ In this table, distributor selling prices are assumed to be the same as purchase prices of their respective retail outlets. The spreads thus obtained at the distributor level will not necessarily coincide with average spreads for distributors as shown in table 4.

3/ Distributor purchase prices are for loose eggs and represent price to producers.

4/ Retail data are for chains in December 1956 and independents in June 1957.

Table 2.--Eggs: "Regular" monthly and "actual" monthly and weekend price spreads per dozen in chain and independent retail stores, by selected grades and sizes, all cartoned, San Francisco, December 1956 and June 1957

Egg grade and size, and type of store	Average "regular" monthly price spreads		Average "actual" price spread			
			Monthly		Weekends	
	Dec. 1956	June 1957	Dec. 1956	June 1957	Dec. 1956	June 1957
	Cents	Cents	Cents	Cents	Cents	Cents
AA Large:						
Chains	7.2	6.2	4.6	4.1	3.8	3.5
Independents	8.5	7.7	4.4	4.0	3.6	2.9
All stores	7.8	7.0	4.5	4.0	3.7	3.3
A Large:						
Chains	7.0	6.0	5.0	6.4	4.4	6.3
Independents	8.1	8.9	8.8	2/	8.8	2/
All stores	7.6	7.5	5.4	2/	4.8	2/
A Large Dirties:						
Chains	7.0	7.0	2.7	3.2	-3.4	2.4
Independents	7.5	7.4	2.3	2.7	1.5	2.4
All stores	7.2	7.2	2.6	3.0	-1.1	2.4
A Medium:						
Chains	6.7	6.7	4.2	2.4	3.7	1.5
Independents	7.6	7.5	5.5	6.8	5.1	6.5
All stores	7.1	7.1	4.3	2.7	3.8	1.8
All Eggs: 1/						
Chains	6.9	6.5	4.5	3.6	3.7	2.8
Independents	7.9	7.9	4.7	4.2	3.9	3.3
All stores	7.4	7.2	4.5	3.7	3.7	2.9

1/ Also includes Grade A small and Grade A extra large.
2/ Insufficient data.

Table 3.--Eggs: Monthly purchases and percent sold on weekends and monthly and weekend prices and price spreads per dozen in chain and independent retail stores by selected grades and sizes, all cartoned, San Francisco, December 1956 and June 1957

Egg grade and size, and type of store	December 1956							June 1957						
	Monthly average				Weekend average			Monthly average				Weekend average		
	Quantity purchased during month	Purchase price	Selling price	Price spread	Percent of monthly sales on weekends	Selling price	Price spread	Quantity purchased during month	Purchase price	Selling price	Price spread	Percent of monthly sales on weekends	Selling price	Price spread
	Dozen	Cents	Cents	Cents	Percent	Cents	Cents	Dozen	Cents	Cents	Cents	Percent	Cents	Cents
A Extra Large														
Chainstores	---	---	---	---	---	---	---	19,440	38.1	40.4	2.3	79.1	38.4	.3
Independent stores	3,550	53.4	62.1	8.7	67.5	61.8	8.4	4,977	43.4	49.9	6.5	68.4	49.9	6.5
All stores	3,550	53.4	62.1	8.7	67.5	61.8	8.4	24,417	39.2	42.3	3.1	76.9	40.5	1.3
AA Large														
Chainstores	134,061	52.3	56.9	4.6	73.6	56.1	3.8	216,489	41.4	45.5	4.1	72.6	44.9	3.5
Independent stores	50,075	52.0	56.4	4.4	73.2	55.6	3.6	55,460	41.0	45.0	4.0	72.8	43.9	2.9
All stores	184,136	52.2	56.7	4.5	73.5	55.9	3.7	271,949	41.4	45.4	4.0	72.7	44.7	3.3
A Large														
Chainstores	22,001	51.8	56.8	5.0	72.2	56.2	4.4	3,060	40.1	46.5	6.4	71.6	46.4	6.3
Independent stores	2,110	51.7	60.5	8.8	71.6	60.5	8.8	1/	1/	1/	1/	1/	1/	1/
All stores	24,111	51.8	57.2	5.4	72.2	56.6	4.8	1/	1/	1/	1/	1/	1/	1/
A Large Dirty														
Chainstores	12,276	49.1	51.8	2.7	40.1	45.7	-3.4	9,000	38.7	41.9	3.2	83.1	41.1	2.4
Independent stores	4,110	49.7	52.0	2.3	92.6	51.2	1.5	4,620	37.6	40.3	2.7	89.2	40.0	2.4
All stores	16,386	49.2	51.8	2.6	53.2	48.1	-1.1	13,620	38.3	41.3	3.0	85.2	40.7	2.4
A Medium														
Chainstores	48,179	49.0	53.2	4.2	75.5	52.7	3.7	54,728	33.8	36.2	2.4	76.9	35.3	1.5
Independent stores	5,055	48.6	54.1	5.5	71.1	53.7	5.1	3,495	34.1	40.9	6.8	66.4	40.6	6.5
All stores	53,234	49.0	53.3	4.3	75.1	52.8	3.8	58,223	33.8	36.5	2.7	76.3	35.6	1.8
A Small														
Chainstores	240	39.2	46.2	7.0	70.0	46.2	7.0	---	---	---	---	---	---	---
Independent stores	---	---	---	---	---	---	---	600	26.0	32.0	6.0	50.0	32.0	6.0
All stores	240	39.2	46.2	7.0	70.0	46.2	7.0	600	26.0	32.0	6.0	50.0	32.0	6.0
All Eggs														
Chainstores	216,757	51.3	55.8	4.5	72.0	55.0	3.7	302,717	39.8	43.4	3.6	74.1	42.6	2.8
Independent stores	64,900	51.7	56.4	4.7	73.9	55.6	3.9	70,052	40.4	44.6	4.2	73.0	43.7	3.3
All stores	281,657	51.4	55.9	4.5	72.4	55.1	3.7	372,769	39.9	43.6	3.7	73.9	42.8	2.9

1/ Insufficient data.

Table 4.--Eggs: Distributors' monthly price spreads per dozen, by grades, sizes, and type of pack, San Francisco Bay Area, December 1956 and June 1957

Purchased by distributor, grade and size	Sold to retailers: Grade and size	Price spread, per dozen: December 1956: Cartoned	December 1956: Loose	June 1957: Cartoned	June 1957: Loose
Loose		Cents	Cents	Cents	Cents
AA Large	AA Large	9.52	6.57	9.38	6.66
A Large	A Large	9.39	6.69	9.42	6.58
Current receipts, large	AA Large	9.86	6.91	9.84	7.12
Current receipts, large	A Large	8.81	6.11	8.31	5.47
Current receipts, medium	A Medium	9.74	6.80	8.99	6.57
A Small	A Small	10.68	7.25	9.10	6.56

Note: For more detail see table 5.

Table 5.--Eggs: Distributors' purchases, sales, and prices per dozen, by selected grades and sizes, and type of pack, San Francisco Bay Area, December 1956 and June 1957

Transaction, type of pack, grade and size	December 1956: Volume: Carton	December 1956: Volume: Loose	December 1956: Price: Carton	December 1956: Price: Loose	June 1957: Volume: Carton	June 1957: Volume: Loose	June 1957: Price: Carton	June 1957: Price: Loose
	1,000 doz.	1,000 doz.	Cents	Cents	1,000 doz.	1,000 doz.	Cents	Cents
Purchases:								
AA Large	8	2,436	51.57	42.44	22	6,687	36.58	31.96
A Large	---	665	---	41.52	---	926	---	30.39
Current receipts, large	---	183	---	42.10	---	257	---	31.50
Current receipts, medium	---	1,056	---	38.63	---	876	---	24.49
A Small	---	103	---	29.57	---	282	---	16.92
All eggs	8	4,443	51.57	41.08	22	9,028	36.58	30.59
Sales to retailers:								
A Extra Large	10	1/	54.01	1/	91	49	44.34	40.92
AA Large	1,425	630	51.96	49.01	1,046	100	41.34	38.62
A Large	171	143	50.91	48.21	133	80	39.81	36.97
AA Medium	1/	1/	1/	1/	1/	58	1/	32.50
A Medium	235	154	48.37	45.43	200	102	33.48	31.06
A Small	21	23	40.25	36.82	67	48	26.02	23.48
All eggs	1,862	950	51.29	48.02	1,537	437	39.69	34.36

1/ Insufficient data.

Table 6.--Eggs: Distributors' purchases, sales to wholesalers, and prices and price spreads per dozen, current receipts, by size, Sonoma County area, California, June 1957

Size of eggs	Purchases		Sales to wholesalers 1/		Price spread
	Volume	Price	Volume	Price	
	Dozens	Cents	Dozens	Cents	Cents
Large	56,970	31.16	23,370	32.61	1.45
Medium	29,503	24.82	8,820	26.13	1.31
Small	7,320	16.00	6,060	17.10	1.10
All eggs	93,793	27.98	38,250	28.66	1.36

1/ These sales represent only a portion of the total sales.

Table 7.--Shell eggs: Total receipts at San Francisco from California and other States, by months, 1956 and 1957

Year and month	1956			1957		
	California	Other 1/	Total	California	Other 1/	Total
	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases	1,000 cases
January	49.0	16.8	65.8	2/ 48.5	20.2	68.7
February	38.3	9.7	48.0	39.2	12.5	51.7
March	47.5	6.7	54.2	45.6	8.8	54.4
April	55.4	6.0	61.4	46.5	11.2	57.7
May	55.0	4.9	59.9	47.4	11.7	59.1
June	55.2	6.2	61.4	43.3	4.7	48.0
July	50.5	13.9	64.4	43.3	9.8	53.1
August	52.5	5.5	58.0	43.2	8.0	51.2
September	43.3	4.2	47.5	43.8	2.2	46.0
October	54.0	14.3	68.3	43.9	7.9	51.8
November	47.6	15.7	63.3	42.1	3.8	45.9
December	43.4	19.8	63.2	56.7	23.2	79.9
Total	591.7	123.7	715.4	543.5	124.0	667.5

1/ Mostly from Midwestern States of Kansas, Iowa, Minnesota, Colorado, and Nebraska.

2/ Includes 1,900 cases by rail from California in January. No other shipments reported by rail in 1957. All other receipts reported moving by truck.

Source: Federal-State Market News Service, San Francisco, Calif.

Table 8.--Eggs: Typical gross price spreads and handling costs per dozen for assembler-distributors in San Francisco Bay Area, December 1956 and June 1957

Cost item	December 1956	June 1957	2-month average
	Cents	Cents	Cents
Sales price, all eggs 1/	49.25	37.09	43.00
Cost of eggs sold	39.93	28.31	33.96
Gross price spread	9.32	8.78	9.04
Handling costs: 2/			
Procurement	.98	.97	.97
Candling and cartoning 3/	3.81	3.73	3.77
Delivery 4/	.98	.97	.97
Other costs and net profits	3.55	3.11	3.33
Total handling costs and profits	9.32	8.78	9.04

1/ Includes sales to retail stores, institutional, and other outlets.

2/ These figures were derived from data obtained from interviews with 10 egg assembler-distributors in the San Francisco Bay Area. They represent costs for handling more than 5.5 million dozen eggs for each of the 2 months.

3/ Candling and cartoning costs are for all eggs handled whether loose or cartoned.

4/ Includes terminal handling and delivery costs.

FRYING CHICKENS 6/

Cumulative gross farm-to-retail price spreads for ready-to-cook frying chickens processed in the South and marketed through San Francisco distributors and chain-owned retail poultry departments in June 1957 averaged 26.1 cents per pound (figure 3). 7/ Component price spreads averaged 15.7 cents

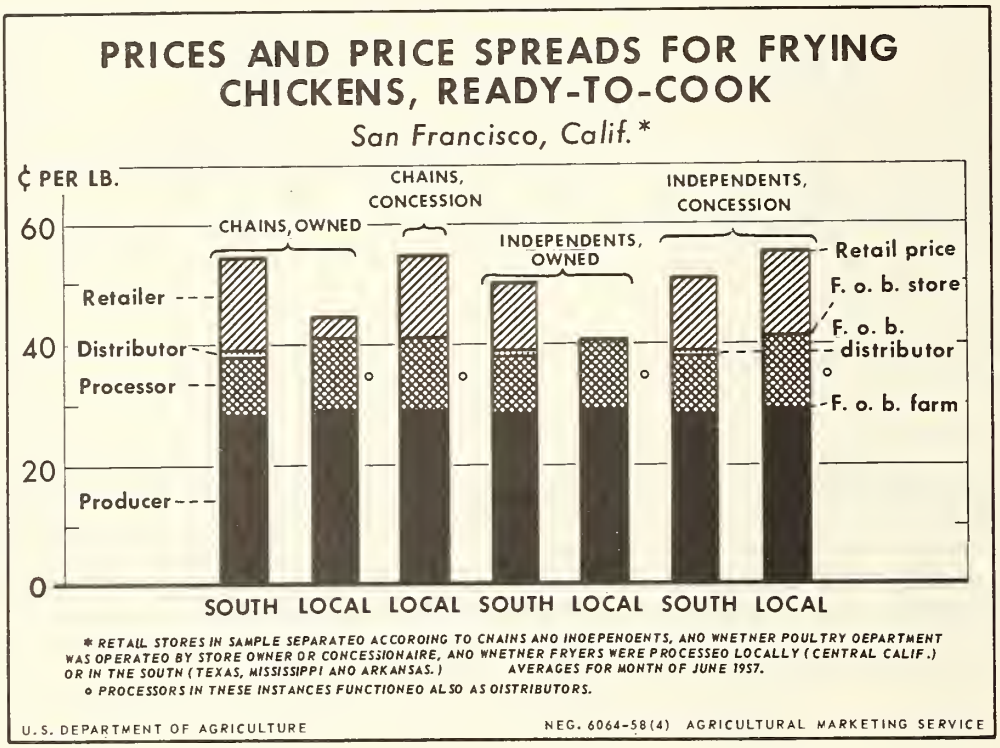
PRICES AND PRICE SPREADS FOR FRYING CHICKENS, READY-TO-COOK
San Francisco, Calif.*
¢ PER LB.
60
40
20
0
CHAINS, OWNED
CHAINS, CONCESSION
INDEPENDENTS, OWNED
INDEPENDENTS, CONCESSION
Retailer
Distributor
Processor
Producer
Retail price
F. o. b. store
F. o. b. distributor
F. o. b. farm
SOUTH LOCAL LOCAL SOUTH LOCAL SOUTH LOCAL
* RETAIL STORES IN SAMPLE SEPARATED ACCORDING TO CHAINS AND INDEPENDENTS, AND WHETHER POULTRY DEPARTMENT WAS OPERATED BY STORE OWNER OR CONCESSIONAIRE, AND WHETHER FRYERS WERE PROCESSED LOCALLY (CENTRAL CALIF.) OR IN THE SOUTH (TEXAS, MISSISSIPPI AND ARKANSAS.) AVERAGES FOR MONTH OF JUNE 1957.
o PROCESSORS IN THESE INSTANCES FUNCTIONED ALSO AS DISTRIBUTORS.
U.S. DEPARTMENT OF AGRICULTURE
NEG. 6064-58(4) AGRICULTURAL MARKETING SERVICE

Figure 3

6/ In San Francisco, the term "broiler" is not synonymous with the term "fryer" as in most other parts of the country. Broilers in San Francisco are Leghorn cockerels which are byproducts of the egg industry. They are usually produced on a limited scale for specialized institutional outlets and the birds are sized for uniformity of size and servings. Ready-to-cook broiler prices are generally for birds originally New York dressed and then hand-drawn on special order. This special handling adds to costs and results in higher prices. Fryers, on the other hand, are generally intended for retail trade. They are grown commercially as meat birds and are processed under assembly line methods which permit lower unit costs than the local broiler operation. Relatively few broilers are sold through retail stores. Although there is some relationship between broilers and fryers, they are not highly competitive.

7/ Farm price is ready-to-cook equivalent farm value. For example, a live price of 20 cents per pound divided by a yield of 73 percent from live to ready-to-cook weight would result in a ready-to-cook equivalent price of 27.4 cents per pound.

for retailers, 1.1 cents for distributors, and 9.3 cents for southern processors, of which 2.2 cents was for freight costs to San Francisco (table 9). Similar average gross spreads in June for other distribution channels ranged from about 12 cents to 28.5 cents per pound. The wide range in price spreads was influenced by several factors, including (1) retail pricing policies for frying chickens, (2) ownership and operation of the poultry department in retail stores, (3) season of year, and (4) trade channels.

Retailers

Retail pricing policies for frying chickens.--The 2-month average price spread for all frying chickens in all retail stores was 12 cents per pound (table 10). Frying chickens in San Francisco are often featured in retail stores as special sales items at low markups just as they are in some other cities (1). In December, fryers were featured in special sales at markups averaging from 3 to 5 cents per pound in some chainstores, and from 5 to 7 cents in some independent stores. In June, fryers were featured in some stores with average weekend price spreads as low as 3 cents per pound below costs.

Average price spreads on frying chickens were lower in June than in December for independent retailers, but the reverse was true for chainstores (table 10). Average purchase prices in June were higher than in December by about the same amount for both chain and independent stores. Average chainstore selling prices were nearly 8 cents per pound higher in June whereas average independent retailer selling prices were less than a penny higher.

Ownership and operation of poultry department in retail stores.--Forty of the 56 retail stores handled frying chickens. Five of the 40 retailers were chainstores which owned their retail poultry departments and two were chainstores which had concessionaires operating poultry departments in some of their stores. Thirty-three of the retail contacts handling fryers were independents, 13 of which owned their poultry departments. The remaining 20 independent retailers had concessionaires operating their poultry departments.

All chainstores handled ready-to-cook fryers in December 1956 and June 1957, but only one handled New York dressed fryers. Twenty-one of the independent retailers handled ready-to-cook fryers in December and 25 in June. On the other hand, 20 independent retailers handled New York dressed fryers in December and only 16 handled them in June. Retailers in the study purchased a total of about 180,000 pounds of ready-to-cook frying chickens in December 1956 and about 182,000 pounds in June 1957 (table 10). In contrast, retailers handling New York dressed fryers purchased approximately 10,000 pounds in December and 7,000 pounds in June.

Most of the retailers who handled both items were concessionaires. Some reported purchase and sales prices for New York dressed fryers equal to or higher than prices of the ready-to-cook product. Several concessionaires reported that younger shoppers, as a group, were tending to demand more ready-to-cook fryers. Concessionaires handled approximately 11 percent of the volume of ready-to-cook fryers purchased by all retail stores sampled.

Although this study was not designed to observe longtime trends, the decline in the number of retail firms handling New York dressed poultry and the increase in those handling ready-to-cook poultry is consistent with developments observed in the San Francisco market. In addition to the increasing competition of ready-to-cook fryers processed in southern and local plants, California State regulations pertaining to poultry processing and inspection have had a discouraging effect on the continued processing of New York dressed poultry on a large scale. Because of the declining relative importance of New York dressed fryers in San Francisco, this report concerns itself primarily with ready-to-cook fryers.

Retail price spreads on frying chickens varied more by type of poultry department ownership than by chain or independent class store (table 10). Average monthly margins taken by chainstore "owners" were 1.4 cents per pound higher than margins taken by concessionaires in December 1956, but were the same in June 1957. Independent retail "owners," however, took average monthly markups which were 7.5 cents per pound less than those taken by independent concessionaires in December and 6.8 cents per pound smaller in June.

Chain-owned retailers ran some weekend specials on fryers in December and, as a result, their weekend price spreads averaged 5.2 cents per pound lower than their average monthly margin. Otherwise, average weekend price spreads for all retailers for the two months were 2.2 cents per pound below average monthly spreads.

Proportionately more fryers were sold on weekends in independent stores than in chainstores. Approximately 70 percent of monthly sales in all stores were made on weekends (table 10).

Season of year.--Prices for frying chickens fluctuate seasonally, being higher in the summer than in the winter months. Chain-owned retailers purchased about 3.5 percent more fryers in June than in December. Their purchase prices in June averaged nearly 13 percent higher and their selling prices were 17 percent higher. Volumes handled in the other ownership categories were slightly lower in June than in December, but prices in all instances were higher.

In the marketing of fryers, seasonal variations in price and volume in San Francisco show a positive relationship. This may be the result of greater seasonal changes in demand than in supply of fryers. During December, retail prices and consumer demand for fryers are generally lower than in June. This winter situation is partially a result of competition from other meats, especially turkeys, which are plentiful then. In June and throughout the summer, apparent consumer preference for frying chickens results in increased demand and higher prices. On the other hand, the production pattern for and supply of frying chickens is relatively uniform throughout the year, with estimates for commercial slaughter only slightly higher in the summer than in winter months. 8/

8/ Typical production cycles for fryers cover short-time periods in that flocks of fryers may reach marketing weight in about eight weeks. For estimates of commercial poultry slaughter, see Dairy and Poultry Market Statistics, 1957 (2, p. 112, table 224).

Average price spreads were higher in June for chainstores because the two largest chains did not feature fryers as special sales items as they did in December. Some of the smaller chains featured special sales on fryers and their margins averaged lower than in December.

Price spreads for independent stores were lower in June than in December because of special sales featured by some of the larger volume handlers.

Trade channels.--Consumer prices for fryers varied by type of store ownership and by geographical point of origin of the birds (table 11). Retail purchase prices for locally processed fryers averaged about the same as or slightly higher than prices for southern processed birds. Selling prices for local birds, however, were generally higher in concession-operated markets, and the subsequent higher price spreads for local birds may be the results of pricing policies which reflect efforts to promote sales by personal appeal and of apparent consumer acceptance of local fryers as being of better quality than those shipped in from the South.

Chain and independent retail poultry departments purchased and sold local fryers processed in California for less than did concessionaires. This was partly due to cooperation of some distributors with retailers who were featuring fryers as special sales items. Concessionaires sold fewer local ready-to-cook fryers in June than in December, but owners sold more of the local fryers in June. As a matter of fact, when some retailers featured ready-to-cook fryers as low-margin leaders, the increase in sales in June over December was even larger than it was normally. Chain and independent operators selling southern-processed fryers handled about the same quantity in December as in June.

Wholesale Distributors

In this study, wholesalers were divided into three classes: (1) Broker-jobber distributors of southern processed fryers, (2) processor-distributors of local fryers, and (3) jobber-distributors of ready-to-cook fryers (table 12).

Broker-jobber distributors of southern processed fryers.--This class of distributor took margins averaging 1.2 cents per pound in December and June. Their average price spreads were lower in June than in December but prices were higher. In some instances, these distributors functioned as brokers; that is, they did not take actual possession of the commodity but facilitated contractual arrangements between buyer and seller with the fryers being delivered directly to buyers. In other instances, these distributors functioned as jobbers, actually handling the fryers before delivery to retail and other distributor outlets. Since some firms functioned as both brokers and jobbers, price spreads were averaged for both functions. Average price spreads for broker-jobber distributors ranged from about 1 to 2.5 cents per pound. This class of distributors sold more than twice as many fryers in San Francisco as the other two classes combined.

Processor-distributors of local fryers.--In June, these wholesalers took margins which averaged 12 cents per pound for sales to retailers. Available December price spreads and selling prices averaged less than those for June whereas purchase prices in December were slightly higher.

These distributors perform dual roles--they function as processors and distributors. As processors, these firms slaughter about 80 percent of the local poultry sold in San Francisco. Much of their poultry is processed specially for custom outlets such as overseas shipping lines, military procurement, restaurants, hotels, and other institutional outlets. Early in 1956 some of these firms processed only New York dressed poultry, but all in this group were eviscerating fryers in December 1956.

The price spread for this group includes costs for hauling and receiving, feeding, processing (including killing, dressing, eviscerating, icing, packing, inspecting, and grading), and other miscellaneous items. Delineation of costs for the distributive function of this group were not made because of the lack of detailed information, but available estimates indicate that distribution costs for this class of wholesaler may approximate nearly 2 cents per pound.

Jobber-distributors of ready-to-cook fryers.--Several small processors of local New York dressed fryers make up this group. At the time the fieldwork for this study was being conducted, this group of processors was having a hard time preparing to meet requirements of the forthcoming California State poultry inspection program. To meet the demands of some of their customers, these distributors purchased ready-to-cook fryers and jobbed them to their retail and other outlets for price spreads averaging 2.5 cents per pound in June 1957.

In December 1956, none of these firms reported handling ready-to-cook fryers for distribution to retail or other outlets, but some did handle ready-to-cook fryers in the retail phase of their own business. Jobber-distributors were the smallest volume handlers of fryers in San Francisco.

Poultry Processors

Most of the ready-to-cook frying chickens sold in retail stores in San Francisco were slaughtered in processing plants located either in the South Central States of Arkansas, Texas, and Mississippi or in the San Francisco Bay Area (table 13).

Typical processing plant costs per pound for frying chickens shipped to San Francisco in June 1957 averaged 9.3 cents for southern processors while similar costs for local processors selling to retailers averaged 12 cents (tables 14 and 15). Assuming distribution costs for local processors to be nearly 2 cents per pound, typical processing plant costs, excluding costs for distribution, would approximate 10 cents per pound. Component cost data indicate hauling and processing cost items were higher for local than for southern processors. Bay Area processors did some feeding prior to slaughtering whereas southern processors generally placed birds on chain lines as they came off farm assembly trucks.

The comparatively low unit costs of southern processors are partially the result of their economies of scale in processing operations combined with the utilization of advanced technology and plant layout. For example, one southern firm reported its total plant costs per pound were 1.68 cents lower in June than in December, but the tonnage handled in June was almost four times that of December. The average southern processor cooperating in this study handled nearly three times the tonnage handled by the largest Bay Area processor.

The lower total unit costs of southern processors are also the result of reduced freight rates to San Francisco since 1956. In December 1956 and June 1957, they averaged 2.04 cents per pound. These rates were in line with results published in a previous USDA study; namely, truck rates per 100 pounds on shipments of fresh and frozen processed poultry from Arkansas, Mississippi, and Texas in 1956-57 were $1.90, $2.88, and $1.59, respectively (6, p. 78, table 49). Truck rates in 1955 before the court decision on exempt commodities were $5.79, $3.58, and $2.42, respectively (7, p. 35, footnote 33). This court decision enabled some poultry processors to improve their competitive position in distant markets.

Relatively low freight rates on shipments of frying chickens to San Francisco from southern poultry processing plants apparently were possible, in part, because of reported "backhaul" advantages to motor carriers. These advantages refer to situations in which processors and truckers negotiate for return trip freight rates which will be most beneficial to both, depending upon the bargaining circumstances. Examples of backhaul rate advantages may occur when meats or frozen pies, which are nonexempt agricultural commodities, are trucked to southern markets and poultry is hauled on the return trip to California. Some trucking firms negotiate rates for exempt commodities such as fresh or frozen poultry, fresh fruits, and fresh vegetables on both legs of their trip. Without the assistance of backhaul rates, it is doubtful whether some poultry processors would find it advantageous to compete in distant markets with locally produced fryers.

Live-Poultry Handlers

In the Bay Area, handlers of live poultry were still an important part of the marketing structure, especially for processors of New York dressed poultry. These firms assembled live poultry from the farm and delivered it to processors. Three handlers in the Petaluma area reported moving about 410,000 pounds of fryers in December 1956 and nearly 550,000 pounds in June 1957.

Handlers of live poultry generally operated with a price spread on fryers of about 1.5 to 2 cents per pound. Prices per pound live at the ranch in the Bay Area averaged 21.6 cents in December 1956 and 21.8 cents in June 1957. Farm prices for live fryers reported by Bay Area processors and live handlers were higher than those reported by southern processors.

San Francisco processors estimate that ranch prices in the San Francisco Bay Area generally approximate 3 cents per pound more than those reported for the San Joaquin Valley area by the U. S. Market News Service.

Table 9.--Frying chickens, ready-to-cook: Price spreads per pound by marketing level and by type of ownership of retail poultry department, San Francisco, December 1956 and June 1957 1/

Item	December 1956	June 1957	2-month average
	Cents	Cents	Cents
Processors (f.o.b. farm to f.o.b. San Francisco):			
San Francisco Bay Area 2/	3/	12.0	3/
Southern	8.9	9.3	9.1
Distributors (f.o.b. San Francisco to f.o.b. retailer):			
Brokers and jobbers	1.3	1.1	1.2
Jobbers	-	2.5	--
Retailers (f.o.b. retailer to consumer):			
Chains' own, processed in south	10.1	15.7	12.8
Chains' own, processed locally	10.4	3.6	6.3
Chains' concession, processed locally	9.0	13.7	11.1
Independent own, processed in south	12.0	11.0	11.5
Independent own, processed locally	6.9	.0	3.3
Independent concession, processed in south	13.8	11.9	12.8
Independent concession, processed locally	19.4	14.0	17.2

1/ Price spreads represent averages for all purchases and sales for each level of marketing. As such, processor sales and distributor purchase prices, or distributor sales and retail purchase prices, would not be expected to coincide since processors and distributors sold to various types of outlets other than retailers.

2/ Processors also functioned as distributors.

3/ Insufficient data.

Note: For more detail, see tables 11, 12, 14, and 15.

Table 10.--Frying chickens, ready-to-cook: Monthly purchases and percent sold on weekends, and monthly and weekend prices and price spreads per pound, by type of ownership of retail poultry department, San Francisco, December 1956 and June 1957

Month and type of ownership of retail poultry department	Volume purchased 1/	Monthly average			Weekend average		
		Purchase price	Selling price	Price spread	Percent of monthly sales on weekends	Selling price	Price spread
	Pounds	Cents	Cents	Cents	Percent	Cents	Cents
December 1956							
Chains, own	145,201	35.4	45.8	10.4	61.6	40.6	5.2
Chains, concession	5,376	37.9	46.9	9.0	83.4	45.5	7.6
All chains	150,577	35.5	45.8	10.3	62.3	40.8	5.3
Independents, own	13,546	35.4	45.2	9.8	72.4	43.7	8.3
Independents, concession	15,736	37.7	55.0	17.3	71.0	54.7	17.0
All independents	29,282	36.6	50.5	13.9	71.7	49.6	13.0
All stores	179,859	35.7	46.6	10.9	64.0	42.4	6.7
June 1957							
Chains, own	150,301	39.9	53.6	13.7	74.8	52.6	12.7
Chains, concession	4,282	41.8	55.5	13.7	60.5	53.2	11.4
All chains	154,583	40.0	53.7	13.7	74.4	52.6	12.6
Independents, own	12,890	40.2	46.6	6.4	79.9	44.8	4.6
Independents, concession	14,413	42.0	55.2	13.2	79.8	55.1	13.1
All independents	27,303	41.2	51.1	9.9	79.8	50.2	9.0
All stores	181,886	40.2	53.3	13.1	75.2	52.2	12.0
2-month average							
Chains, own	295,502	37.7	49.8	12.1	68.3	47.3	9.6
Chains, concession	9,658	39.6	50.7	11.1	73.2	47.6	8.0
All chains	305,160	37.8	49.8	12.0	68.5	47.3	9.5
Independents, own	26,436	37.7	45.9	8.2	76.1	44.3	6.6
Independents, concession	30,149	39.8	55.1	15.3	75.2	54.9	15.1
All independents	56,585	38.8	50.8	12.0	75.6	49.9	11.1
All stores	361,745	37.9	49.9	12.0	69.6	47.7	9.8

1/ Insufficient data were available to delineate volume purchased by source of supply.

Table 11.--Frying chickens, ready-to-cook: Farm-to-retail prices and price spreads per pound, by type of ownership of retail poultry department and by direct distribution channels from area of processing of chickens, San Francisco, December 1956 and June 1957 1/

Type of retail ownership, area of origin and marketing channel	December 1956		June 1957		2-month average	
	Price	Spread	Price	Spread	Price	Spread
	Cents	Cents	Cents	Cents	Cents	Cents
Chains' own, processed in south:						
Retail sales	45.6	---	55.6	---	50.5	---
Retail spread	---	10.1	---	15.7	---	12.8
Retail purchases	35.5	---	39.9	---	37.7	---
Distributor spread	---	1.3	---	1.0	---	.8
Distributor purchases	34.2	---	38.9	---	36.9	---
Processor spread	---	12.8	---	10.6	---	12.1
Processor purchases	21.4	---	28.3	---	24.8	---
Gross spread	---	24.2	---	27.3	---	25.7
Chains' own, processed locally:						
Retail sales	46.4	---	43.6	---	44.7	---
Retail spread	---	10.4	---	3.6	---	6.3
Retail purchases	36.0	---	40.0	---	38.4	---
Processor-distributor spread	---	6.1	---	11.1	---	9.1
Processor-distributor purchases	29.9	---	28.9	---	29.3	---
Gross spread	---	16.5	---	14.7	---	15.4
Chains' concession, processed locally:						
Retail sales	46.9	---	55.5	---	50.7	---
Retail spread	---	9.0	---	13.7	---	11.1
Retail purchases	37.9	---	41.8	---	39.6	---
Processor-distributor spread	---	8.0	---	12.9	---	10.3
Processor-distributor purchases	29.9	---	28.9	---	29.3	---
Gross spread	---	17.0	---	26.6	---	21.4
Independents' own, processed in south:						
Retail sales	47.7	---	51.3	---	49.4	---
Retail spread	---	12.0	---	11.0	---	11.5
Retail purchases	35.7	---	40.3	---	37.9	---
Distributor spread	---	1.5	---	1.4	---	1.0
Distributor-purchases	34.2	---	38.9	---	36.9	---
Processor spread	---	12.8	---	10.6	---	12.1
Processor purchases	21.4	---	28.3	---	24.8	---
Gross spread	---	26.3	---	23.0	---	24.6

Table 11.--Frying chickens, ready-to-cook: Farm-to-retail prices and price spreads per pound, by type of ownership of retail poultry department and by direct distribution channels from area of processing of chickens, San Francisco, December 1956 and June 1957 1/ (Continued)

Type of retail ownership, area of origin and marketing channel	December 1956		June 1957		2-month average	
	Price	Spread	Price	Spread	Price	Spread
	Cents	Cents	Cents	Cents	Cents	Cents
Independents own, processed locally:						
Retail sales	41.5	---	40.1	---	40.8	---
Retail spread	---	6.9	---	0.0	---	3.3
Retail purchases	34.6	---	40.1	---	37.5	---
Processor-distributor spread	---	4.7	---	11.2	---	8.2
Processor-distributor purchases	29.9	---	28.9	---	29.3	---
Gross spread	---	11.6	---	11.2	---	11.5
Independents concession processed in south:						
Retail sales	50.4	---	52.8	---	51.8	---
Retail spread	---	13.8	---	11.9	---	12.8
Retail purchases	36.6	---	40.9	---	39.0	---
Distributor spread	---	2.4	---	2.0	---	2.1
Distributor purchases	34.2	---	38.9	---	36.9	---
Processor spread	---	12.8	---	10.6	---	12.1
Processor purchases	21.4	---	28.3	---	24.8	---
Gross spread	---	29.0	---	24.5	---	27.0
Independents concession processed locally:						
Retail sales	57.6	---	57.0	---	57.4	---
Retail spread	---	19.4	---	14.0	---	17.2
Retail purchases	38.2	---	43.0	---	40.2	---
Processor-distributor spread	---	8.3	---	14.1	---	10.9
Processor-distributor purchases	29.9	---	28.9	---	29.3	---
Gross spread	---	27.7	---	28.1	---	28.1

1/ In this table, distributor and processor selling prices are assumed to be the same as purchase prices of their respective retail and distributor outlets. As such, the processor purchase price coincides with the f.o.b. farm price (ready-to-cook equivalent), and a cumulative farm-to-retail spread for a direct line of distribution can be obtained. The spreads thus obtained at the distributor or processor levels will not necessarily coincide with the average spreads for all sales at these levels (see table 9). The gross farm-to-retail spread, however, will coincide with reported gross spreads resulting from average retail selling and processor purchase prices.

Table 12.--Frying chickens, ready-to-cook: Typical prices and price spreads per pound, by type of wholesale distributor, San Francisco, December 1956 and June 1957

Distributor and month	Purchase price 1/	Selling price to retailers	Price spread
	Cents	Cents	Cents
Broker-jobber distributors of southern processed fryers: 2/			
December 1956	34.2	35.5	1.3
June 1957	38.9	40.0	1.1
2-month average	36.9	38.1	1.2
Processor-distributors of local fryers: 3/			
December 1956	29.9	4/	4/
June 1957	28.9	40.9	5/ 12.0
2-month average	29.3	4/	4/
Jobber-distributors of ready-to-cook fryers: 6/			
December 1956	---	---	---
June 1957	39.7	42.2	2.5

1/ Ready-to-cook equivalent basis.
2/ Most of the southern processed fryers came from processing plants located in Texas, Mississippi, and Arkansas.
3/ Processors located in San Francisco Bay Area.
4/ Insufficient data.
5/ Includes costs for processing plant operations.
6/ These distributors were small New York-dressed processors who purchased ready-to-cook fryers from local distributors. They did not report distributing ready-to-cook fryers in December.

Table 13.--Processed poultry (mostly frying chickens): Total receipts at San Francisco, by State of origin and month, 1957 1/

Month	California	Arkansas	Texas	Mississippi	Other	Total
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
January	760	794	494	151	704	2,903
February	970	754	260	43	202	2,229
March	962	694	203	---	79	1,938
April	1,390	985	429	270	134	3,208
May	1,032	650	341	252	166	2,441
June	624	746	148	148	153	1,819
July	973	671	436	281	230	2,591
August	739	329	378	233	71	1,750
September	191	932	675	340	7	2,145
October	991	391	617	243	104	2,346
November	1,007	315	218	32	143	1,715
December	848	187	238	69	13	1,355
Total	10,487	7,448	4,437	2,062	2,006	26,440

1/ Total receipts include 15,000 pounds by rail from Maryland in February and 93,000 pounds by rail from California in November. All other receipts reported moving by truck. Turkeys not included.

Source: Federal-State Market News Service, San Francisco, Calif.

Table 14.--Frying chickens, ready-to-cook: Typical prices, costs, and price spreads per pound for southern processors 1/ shipping to San Francisco, December 1956 and June 1957

Price, spread, and cost item	December 1956	June 1957	2-month average
	Cents	Cents	Cents
Sales price f.o.b. San Francisco	30.34	37.62	33.93
Purchase price, ready-to-cook, equivalent f.o.b. farm 2/	21.44	28.29	24.82
Gross price spread	8.90	9.33	9.11
Plant costs:			
Hauling from farm to plant	.81	.83	.82
Processing 3/	3.11	2.96	3.04
Packaging materials	1.16	1.17	1.16
Inspection and grading	.26	.23	.25
Grade loss	1.21	.81	1.01
Freight out to San Francisco	1.84	2.24	2.04
Miscellaneous 4/	.51	1.09	.79
Total plant costs	8.90	9.33	9.11

1/ Southern processors included were from Texas, Mississippi, and Arkansas.
2/ Prices paid f.o.b. farm for live fryers in December and June, respectively, were 16.19 and 21.08 cents per pound.
3/ Includes receiving, killing, dressing, eviscerating, icing, and packing labor.
4/ Includes selling, administrative overhead, and net return on investment.

Table 15.--Frying chickens, ready-to-cook: Typical prices, costs, and price spreads per pound for San Francisco Bay Area processors, June 1957

Price, spread, and cost item	June 1957 1/
	Cents
Sales price to retailers 2/	40.93
Purchase price, ready-to-cook, equivalent f.o.b. farm 3/	28.90
Gross price spread	12.03
Plant costs:	
Hauling and receiving	1.50
Feeding	.20
Processing 4/	5.73
Miscellaneous 5/	4.60
Total plant costs	12.03

1/ Bay Area processors' costs are not presented for December 1956 because not all of the processors included in the June analysis were operating under normal cost conditions.
2/ These processors functioned also as distributors and, as such, sales prices have been adjusted to represent fryer prices to retailers.
3/ Prices paid f.o.b. farm for live fryers in June averaged 21.8 cents per pound.
4/ Includes killing, dressing, eviscerating, icing, packing, inspecting, and grading.
5/ Includes selling, overhead, and net return on investment on sales to retailers.

Cumulative gross farm-to-retail price spreads for both fresh and frozen medium-weight turkeys, ready-to-cook basis, in all San Francisco retail outlets averaged 15.6 cents per pound in November 1956. 9/ Corresponding margins in December 1956 were 15.2 cents, and in June 1957, 27.4 cents. Gross 3-month average price spreads were 17 cents per pound; component spreads averaged 4.8 cents for all retailers, 2.2 cents for distributors, and 10 cents for processors (table 16). Similar gross price spreads for large turkeys in November and December 1956 and June 1957 averaged 15.3, 12.2, and 25.5 cents per pound, respectively. Gross farm-to-retail price spreads for small turkeys averaged 29.5 cents a pound in June 1957. Comparable data for small turkeys were not available for the other 2 months.

Actual price spreads varied considerably around these averages. Principal factors affecting differences in turkey price spreads were (1) retail pricing policies for turkeys, (2) ownership and operation of the poultry department in retail stores, (3) season of year, (4) size of turkeys, (5) type of pack, and (6) trade channels.

Retailers

Retail pricing policies for turkeys.--Prices to retailers were generally higher during the holiday season (November and December) than in June. Retail prices in chain-owned retail poultry departments were generally lower during November and December, especially for medium and large turkeys. This cost-price relationship resulted in low retail price spreads during the holiday season and relatively high spreads in June. Price spreads taken by concessionaires, however, remained relatively stable for the 3 months of this study (table 16).

About 5 percent of the turkeys marketed in retail stores during the 3 months were sold in June (table 17). Apparently stores handling turkeys during this off-season month were taking advantage of the relatively short supply which was available to consumers in retail stores, although sizable quantities were being held in frozen storage.

Beginning in July 1957 and continuing into October, unseasonably large volumes of turkeys were sold, with a large portion of the supply coming from frozen storage holdings. During this period, retail prices and markups on turkeys were unseasonably low, not only in San Francisco but generally throughout the country. These low margins and selling prices resulted from efforts to reduce backlogs of storage turkeys by increasing off-season sales. Then, too, retailers were practically compelled to take low markups on turkeys to compete for sales.

Throughout the holiday and off-season months, concessionaires were able to sell sizable volumes of turkeys probably because of the personal attention

9/ Farm price is ready-to-cook equivalent farm value.

they offered their customers. This type of service is one of the reasons for their relatively high markups.

Ownership and operation of poultry department in retail stores.--Thirty-eight of the 56 retail stores in the sample handled turkeys. Thirty-one of the 38 were independents. Concessionaires operated poultry departments in 23 of these independent stores in November and December 1956, and in 21 in June 1957. Concessionaires sold more than half the total volume of turkeys handled by independent retailers (table 17).

Retail price spreads on turkeys differ considerably among groups of stores (figure 4). Ordinarily, chain and independent retail stores may be considered to be the most important store class comparisons for purposes of differentiating price spreads. During the study, average margins for all turkeys were 2.9 cents per pound for all chains and 8.8 cents for all independent stores, or a difference of 5.9 cents per pound (table 18).

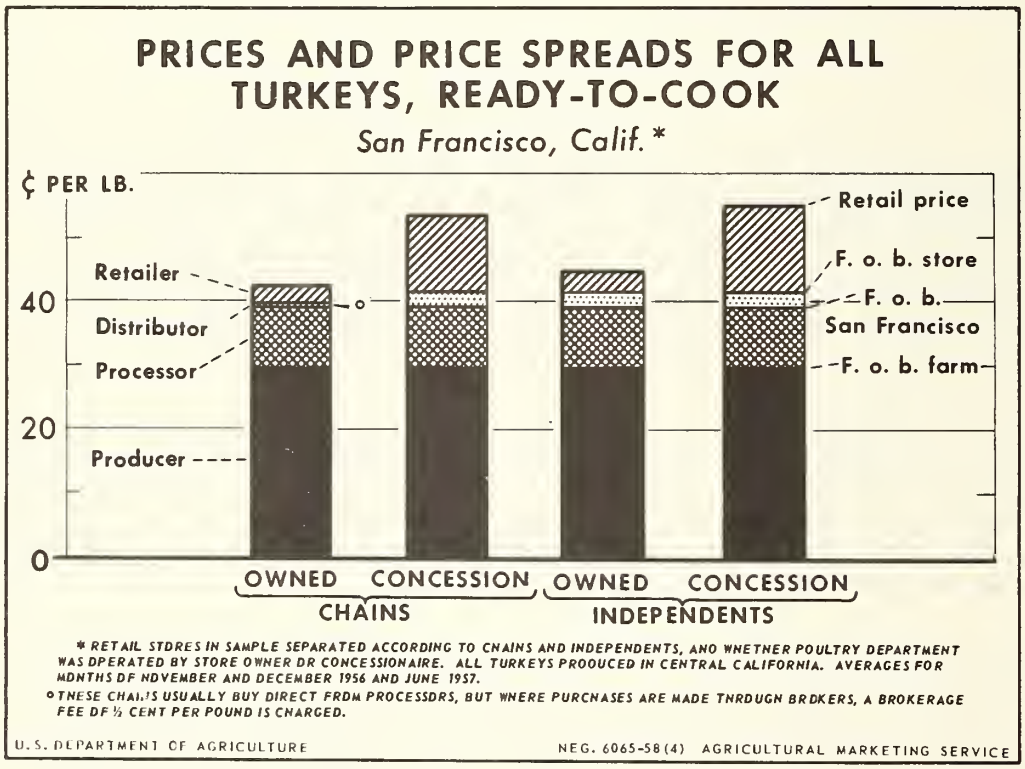
PRICES AND PRICE SPREADS FOR ALL TURKEYS, READY-TO-COOK
San Francisco, Calif.*
¢ PER LB.
40
20
0
Retailer
Distributor
Processor
Producer
Retail price
F. o. b. store
F. o. b. San Francisco
F. o. b. farm
OWNED
CONCESSION
CHAINS
OWNED
CONCESSION
INDEPENDENTS
* RETAIL STORES IN SAMPLE SEPARATED ACCORDING TO CHAINS AND INDEPENDENTS, AND WHETHER POULTRY DEPARTMENT WAS OPERATED BY STORE OWNER OR CONCESSIONAIRE. ALL TURKEYS PRODUCED IN CENTRAL CALIFORNIA. AVERAGES FOR MONTHS OF NOVEMBER AND DECEMBER 1956 AND JUNE 1957.
° THESE CHAINS USUALLY BUY DIRECT FROM PROCESSORS, BUT WHERE PURCHASES ARE MADE THROUGH BROKERS, A BROKERAGE FEE OF ½ CENT PER POUND IS CHARGED.
U.S. DEPARTMENT OF AGRICULTURE
NEG. 6065-58(4) AGRICULTURAL MARKETING SERVICE

Figure 4

In San Francisco, where a large number of the poultry and meat departments in retail grocery stores are operated by concessionaires, an additional comparison of price spreads seems appropriate--stores which operate their own poultry and meat departments and those operated by concessionaires. Such a comparison for all turkeys shows an average margin of 2.8 cents per pound taken by all chain and independent stores which own the poultry departments and 13.5 cents taken by all concessionaires, or a difference of 10.7 cents per pound.

Price spreads taken by chainstore concessionaires averaged 9.4 cents per pound more than those taken by chains operating their own poultry departments (table 18). This difference for independent retailers was 10.7 cents per pound. Concessionaires handled nearly 10 percent of all turkeys purchased by retail stores. Chainstore concessionaires, however, handled only 1.5 percent of all chainstore turkey purchases, but concessionaire volumes represented nearly 54 percent of all turkeys handled by independent retailers.

These differences in retail margins taken by concessionaires and owner operators in San Francisco are important when attempting to arrive at an overall city retail margin because of the relatively large number of concessions and the volumes handled by them. Markups taken on poultry must bear a share of total costs, including labor and other overhead, for operating the concession. Since only a few items are usually handled, price spreads in general are high.

Handling items such as poultry and meats in San Francisco usually involves highly paid labor, particularly meatcutters. Wage rates for meatcutters in San Francisco in April 1955 ranged from $2.19 to $2.46 per hour for the San Francisco Bay Area compared with $1.70 to $2.45 in Los Angeles and $1.18 to $2.10 per hour in New York (9, p. 2038). Wage rates have since increased. Where poultry departments--along with red meat, produce, grocery, and other departments--are operated under the same owner, diversification and total volume of sales may permit lessening of the risks involved, and margins on some items may be considerably lower.

Season of year.--Retail purchase prices for all turkeys increased by an average of 1.7 cents per pound from November to December 1956. In June 1957, the average retail purchase price for all turkeys was 7.4 cents per pound below the December 1956 average. There was a wider range of retail purchase prices by type of poultry department ownership in June than in either November or December.

Retail prices increased 1.6 cents per pound from November to December 1956, and in June 1957 this price was 1.6 cents per pound above the December price.

Price spreads for all turkeys sold through chain-owned retail outlets did not vary much (0.2 cent per pound) from November to December, but in June these markups averaged more than five times the markups taken in November and December (table 18). Seasonal variations in price spreads taken by concessionaires were relatively slight. Price spreads for all turkeys in all stores, however, averaged about 9 cents per pound or 3.7 percent more in June 1957 than in November or December 1956.

However, during July 1957, retail price spreads were more in line with those of November and December than with spreads in June as a result of the off-season turkey promotion campaign.

Retail stores contacted in San Francisco handled approximately 6 percent more turkeys during November than in December 1956 (table 17). Chainstores accounted for about 80 percent of the total volume of turkeys handled by the

retailers sampled. Practically all of these turkeys were processed in California. More than 98 percent of all turkeys purchased by chains were frozen. Frozen turkeys were about 85 percent of all turkeys marketed. Independent stores moved about 90 percent of the fresh turkeys handled. About 22 percent more fresh turkeys were handled by retail stores in December than in November 1956. The bulk of this increased volume was sold in poultry departments owned by independent retailers.

Poultry concessions operating in independent retail stores handled more fresh than frozen turkeys during the holiday season. Only about 13 percent of their turkeys were frozen in November and 9 percent in December 1956, but all were frozen in June 1957. Where the poultry department was owned by the store, about 4 percent of the turkeys were frozen in November, 1 percent in December, and 96 percent in June.

One of the reasons independent stores generally handled mostly fresh turkeys during the holiday season was their relatively limited freezer storage capacity. Small independent retailers often sold the bulk of their turkeys on special order because they lacked adequate freezer storage space to keep birds over an extended period. Some stores arranged for their customers to call for their turkeys at a specified time, and the birds were held in cooler cases until picked up.

Chainstores handled some turkeys of various sizes during June. Independent stores handled mostly medium turkeys in June. Medium turkeys were handled by 15 independent retailers in June, 11 of which were in poultry departments operated by concessionaires. Virtually all of the turkeys handled in both chain and independent stores in June were frozen ready-to-cook.

Size of turkey.--Average retail margins and prices per pound were highest on small turkeys (table 19). Generally chainstores' margins per pound narrowed and margins per bird increased as the size class of the birds increased. However, price spreads were different for medium turkeys handled by independent stores (table 18). In November and June, independent owner-operators had their lowest margins on medium turkeys whereas independent concessionaires during the same months increased their margins successively from small to medium to large turkeys.

Type of pack.--Retail margins on fresh turkeys were wider than those on frozen turkeys by as much as 4 cents per pound in stores where both fresh and frozen turkeys were handled. Most retailers, however, handled either one or the other. There were no discernible differences in retail price spreads of fresh and frozen turkeys for all stores.

No New York dressed turkeys were sold in any of the retail stores in June 1957. Less than 2 percent of all turkeys handled in the retail stores sampled were New York dressed in November and December. Concessionaires marketed about 88 percent of the total volume of New York dressed turkeys.

Trade channels.--Some of the larger retail outlets, especially chainstores, often purchased ready-to-cook turkeys directly from processors, but retailers generally purchased turkeys from wholesale distributors or through

brokers. There were five possible handlers between the farmer and consumer: (1) processor, (2) broker, (3) wholesale distributor, (4) jobber, and (5) retailer. Turkeys moving through all handlers might be expected to retail at higher prices per pound than those bypassing one or more of these handlers.

Wholesale Distributors

Gross price spreads taken by distributors for all turkeys averaged 2.4 cents per pound for the 3 months (table 20). Distributor margins usually ranged from about 0.5 to 6 cents per pound, although some negative margins were reported in June for sales out of storage.

Storage costs were reported to be about 35 cents per hundredweight for the first month and 15 cents per hundredweight for each month thereafter. Thus, turkeys purchased during a period of high prices, stored, and sold during a period of low prices would be a loss to the seller.

Price spreads taken by various types of distributors varied. Brokerage fees averaged about 0.5 cent per pound for the 3 months. Jobber margins averaged about 1 cent per pound. Other wholesaler distributor margins ranged from about 2 to 6 cents per pound with a weighted average of 4 cents and a simple average of 3.3 cents.

Distributors reported higher average purchase prices for fresh than for frozen turkeys in November, December, and June. During the holiday season, selling prices for fresh turkeys were higher than for the frozen. Three-month average distributor price spreads for all fresh turkeys were 0.4 cent per pound wider than those for frozen turkeys (table 20). These premiums for fresh turkeys were probably due to consumer preference for fresh over frozen turkeys and prevailing competitive selling practices.

During November and December 1956, distributors purchased more fresh than frozen turkeys. Heavy volumes of these fresh turkeys moved into institutional outlets. During the month of June 1957, however, fresh turkeys comprised less than 10 percent of all turkeys handled by distributors. The high incidence of fresh turkeys handled by distributors in November and December is due, in part, to the proximity of San Francisco to the large commercial turkey processing area of central California. Frozen ready-to-cook turkeys comprised 80 percent of all turkeys offered for sale by processors in the Pacific region (3).

About 10 percent of the turkeys handled by distributors in San Francisco in November and December 1956 were New York dressed. The weighted average distributor margin for all New York dressed turkeys in November and December was 4.65 cents per pound. Individual distributor margins ranged from 2.5 to 12 cents per pound. None of the distributors handled New York dressed turkeys in June 1957.

Turkey Processors

Marketing functions of the processing firms varied considerably. Some were solely processors and some were highly integrated.

Processor margins decreased 1.7 cents per pound from November to December 1956 (table 21). Margins in June 1957 averaged 1.8 cents per pound wider than in December. Processor price spreads for all turkeys for the 3 months averaged 9.3 cents per pound. Relative percentage margins varied considerably depending upon the price level, but actual cost margins remained fairly stable.

Insufficient price data were reported on small turkeys for November and December to permit tabulation, but prices for June were received (table 21). All prices have been converted to a ready-to-cook equivalent based upon prices for live turkeys and on yields for each size.

Prices received in San Francisco by processors increased by about 0.6 cent per pound from November to December for all turkeys. Prices received in June, however, were about 8 cents below December prices.

Weighted average prices paid producers at the plant by cooperating firms increased about 2.3 cents per pound for all turkeys from November to December. The average plant price in June was about 10 cents below the December price.

Buying prices at the ranch averaged about 0.5 cent per pound below prices paid at the plant. Differences between purchase prices at farm and at plant may be assumed to represent procurement and transportation costs and were so considered in this study.

Processing costs varied between plants especially in regard to means of allocating specific cost items. At present, the most reliable means of cost comparisons between plants is on the basis of total plant operating costs. Annual average costs of processing plants for selected services varied considerably (table 22). Because of wide ranges in costs per pound, no effort was made to tie in component cost allocations with total plant operating costs.

Annual total costs of plant operations averaged 7.24 cents per pound. This figure is 0.96 cent per pound more than was reported in a previous study (4, p. 7, table 4). Costs for some firms included in this study were within the range of 5.05 to 7.24 cents per pound reported in the earlier study. Variations occur because of differences in time, average size of birds, volumes handled, and firms studied.

Gross annual processor margins on ready-to-cook turkeys averaged 7.63 cents per pound for 1956.

Plant operating costs for processing New York dressed turkeys averaged 5.64 cents per pound. This was 1.60 cents per pound less than costs for ready-to-cook turkeys. The difference may be due to relative operating efficiencies of the plants concerned as well as costs of packaging materials and

evisceration. Gross annual processor margins on New York dressed turkeys averaged 9.40 cents per pound for 1956.

Table 16.--Turkeys, medium, ready-to-cook: Price spreads per pound by marketing levels and type of ownership of retail poultry department, San Francisco, November and December 1956 and June 1957 1/

Marketing level, and type of ownership of retail poultry department	November 1956	December 1956	June 1957	3-month average
	Cents	Cents	Cents	Cents
Processor (f.o.b. farm to f.o.b. San Francisco)	9.5	8.1	14.4	10.0
Distributor (f.o.b. San Francisco to f.o.b. retailer)	2.2	2.3	.7	2.2
Retailer (f.o.b. retailer to consumer):				
Chains, own	2.1	3.5	12.1	3.2
Chains, concession	12.9	12.6	11.0	12.8
Independents, own	.7	4.7	7.0	3.7
Independents, concession	14.1	12.9	15.1	13.7
All stores	3.9	4.8	12.3	4.8

1/ Price spreads represent averages for all purchases and sales for each level of marketing. As such, processor sales and distributor purchase prices or distributor sales and retail purchase prices would not be expected to coincide since processors and distributors sold to various type outlets other than retailers.

Note: For more detail see tables 18, 20 and 21.

Table 17.--All turkeys, fresh and frozen, ready-to-cook: Quantity handled, by size of bird and type of ownership of retail poultry department in chain and independent retail stores, San Francisco, November and December 1956 and June 1957

Size of turkey and type of store	November 1956			December 1956			June 1957			3-month average		
	Fresh	Frozen	Total	Fresh	Frozen	Total	Fresh	Frozen	Total	Fresh	Frozen	Total
	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds	Pounds
Small turkeys:												
Chains, own	---	16,079	16,079	---	7,563	7,563	---	2,853	2,853	---	26,495	26,495
Chains, concession	252	---	252	168	---	168	---	112	112	420	112	532
All chains	252	16,079	16,331	168	7,563	7,731	---	2,965	2,965	420	26,607	27,027
Independents, own	429	120	549	560	453	1,013	---	421	421	989	994	1,983
Independents, concession	1,168	1,236	2,404	1,520	690	2,210	---	434	434	2,688	2,360	5,048
All independents	1,597	1,356	2,953	2,080	1,143	3,223	---	855	855	3,677	3,354	7,031
All stores	1,849	17,435	19,284	2,248	8,706	10,954	---	3,820	3,820	4,097	29,961	34,058
Medium turkeys:												
Chains, own	---	104,082	104,082	---	106,403	106,403	---	10,059	10,059	---	220,544	220,544
Chains, concession	2,700	---	2,700	2,460	---	2,460	---	125	125	5,160	125	5,285
All chains	2,700	104,082	106,782	2,460	106,403	108,463	---	10,184	10,184	5,160	220,669	225,829
Independents, own	6,662	452	7,114	13,976	---	13,976	90	1,918	2,008	20,728	2,370	23,098
Independents, concession	17,277	1,700	18,977	12,944	1,000	13,944	---	4,603	4,603	30,221	7,303	37,524
All independents	23,939	2,152	26,091	26,920	1,000	27,920	90	6,521	6,611	50,949	9,673	60,622
All stores	26,639	106,234	132,873	29,380	107,403	136,783	90	16,705	16,795	56,109	230,342	286,451
Large turkeys:												
Chains, own	---	130,122	130,122	---	112,588	112,588	---	10,477	10,477	---	253,187	253,187
Chains, concession	1,200	---	1,200	600	---	600	---	---	---	1,800	---	1,800
All chains	1,200	130,122	131,322	600	112,588	113,188	---	10,477	10,477	1,800	253,187	254,987
Independents, own	5,881	---	5,881	14,066	---	14,066	---	52	52	19,947	52	19,999
Independents, concession	5,113	750	5,863	3,352	200	3,552	---	405	405	8,465	1,355	9,820
All independents	10,994	750	11,744	17,418	200	17,618	---	457	457	28,412	1,407	29,819
All stores	12,194	130,872	143,066	18,018	112,788	130,806	---	10,934	10,934	30,212	254,594	284,806
All turkeys:												
Chains, own	---	250,283	250,283	---	226,554	226,554	---	23,389	23,389	---	500,226	500,226
Chains, concession	4,152	---	4,152	3,228	---	3,228	---	237	237	7,380	237	7,617
All chains	4,152	250,283	254,435	3,228	226,554	229,782	---	23,626	23,626	7,380	500,463	507,843
Independents, own	12,972	572	13,544	28,602	453	29,055	90	2,391	2,481	41,664	3,416	45,080
Independents, concession	23,558	3,686	27,244	17,816	1,890	19,706	---	5,442	5,442	41,374	11,018	52,392
All independents	36,530	4,258	40,788	46,418	2,343	48,761	90	7,833	7,923	83,038	14,434	97,472
All stores	40,682	254,541	295,223	49,646	228,897	278,543	90	31,459	31,549	90,418	514,897	605,315

Table 18.--Turkeys, ready-to-cook: Retail prices and price spreads per pound and distribution of sales, by size of bird and type of ownership of retail poultry department in chain and independent retail stores, San Francisco, November and December 1956, and June 1957

Turkey size, and type of ownership of retail poultry department	November 1956				December 1956				June 1957				3-month average			
	Volume 1/	Price			Volume 1/	Price			Volume 1/	Price			Volume 1/	Price		
		Purchase	Sales	Spread		Purchase	Sales	Spread		Purchase	Sales	Spread		Purchase	Sales	Spread
	Percent	Cents	Cents	Cents	Percent	Cents	Cents	Cents	Percent	Cents	Cents	Cents	Percent	Cents	Cents	Cents
Small turkeys:																
Chains, own	83.4	46.5	55.2	8.7	69.1	46.9	57.2	10.3	74.7	40.1	57.0	16.9	77.8	46.0	56.0	10.0
Chains, concession	1.3	48.0	62.0	14.0	1.5	49.0	62.0	13.0	2.9	39.6	52.3	12.7	1.6	46.6	60.0	13.4
All chains	84.7	46.5	55.3	8.8	70.6	47.0	57.4	10.4	77.6	40.1	56.9	16.8	79.4	46.0	56.1	10.1
Independents, own	2.8	47.9	57.2	9.3	9.2	47.5	55.8	8.3	11.0	40.0	50.7	10.7	5.8	46.0	55.1	9.1
Independents, concession	12.5	48.2	60.7	12.5	20.2	47.9	62.4	14.5	11.4	40.7	51.2	10.5	14.8	47.4	60.6	13.2
All independents	15.3	48.1	60.0	11.9	29.4	47.8	60.3	12.5	22.4	40.3	51.0	10.7	20.6	47.0	59.1	12.1
All stores	100.0	46.8	56.1	9.3	100.0	47.2	58.2	11.0	100.0	40.2	55.5	15.3	100.0	46.2	56.7	10.5
Medium turkeys:																
Chains, own	78.3	44.2	46.3	2.1	77.8	43.7	47.2	3.5	59.9	38.6	50.7	12.1	77.0	43.7	46.9	3.2
Chains, concession	2.0	46.1	59.0	12.9	1.8	46.4	59.0	12.6	.7	38.0	49.0	11.0	1.8	46.0	58.8	12.8
All chains	80.3	44.3	46.6	2.3	79.6	43.7	47.5	3.8	60.6	38.6	50.6	12.0	78.8	43.8	47.2	3.4
Independents, own	5.4	43.3	44.0	.7	10.2	45.2	49.9	4.7	12.0	33.1	40.1	7.0	8.1	43.6	47.3	3.7
Independents, concession	14.3	44.5	58.6	14.1	10.2	45.0	57.9	12.9	27.4	39.5	54.6	15.1	13.1	44.1	57.8	13.7
All independents	19.7	44.2	54.6	10.4	20.4	45.1	53.9	8.8	39.4	37.5	50.2	12.7	21.2	43.9	53.8	9.9
All stores	100.0	44.3	48.2	3.9	100.0	44.0	48.8	4.8	100.0	38.2	50.5	12.3	100.0	43.8	48.6	4.8
Large turkeys:																
Chains, own	91.0	39.8	41.4	1.6	86.0	43.8	44.6	.8	95.8	32.9	44.0	11.1	88.9	41.3	42.9	1.6
Chains, concession	.8	45.5	55.0	9.5	.5	47.0	59.0	12.0	--	--	--	--	.6	46.0	56.3	10.3
All chains	91.8	39.9	41.5	1.6	86.5	43.8	44.7	.9	95.8	32.9	44.0	11.1	89.5	41.4	43.0	1.6
Independents, own	4.1	41.6	46.0	4.4	10.8	45.0	45.6	.6	.5	40.6	50.2	9.6	7.1	44.0	45.7	1.7
Independents, concession	4.1	42.2	56.5	14.3	2.7	45.1	58.0	12.9	3.7	42.2	58.4	16.2	3.4	43.2	57.1	13.9
All independents	8.2	41.9	51.2	9.3	13.5	45.0	48.1	3.1	4.2	42.0	57.5	15.5	10.5	43.7	49.5	5.8
All stores	100.0	40.0	42.3	2.3	100.0	44.0	45.2	1.2	100.0	33.3	44.6	11.3	100.0	41.6	43.7	2.1
All turkeys:																
Chains, own	84.8	42.1	44.3	2.2	81.3	43.9	46.3	2.4	74.1	36.2	48.4	12.2	82.6	42.6	45.4	2.8
Chains, concession	1.4	46.0	58.0	12.0	1.2	46.7	59.2	12.5	0.8	38.8	50.6	11.8	1.3	46.1	58.3	12.2
All chains	86.2	42.1	44.5	2.4	82.5	43.9	46.5	2.6	74.9	36.3	48.5	12.2	83.9	42.7	45.6	2.9
Independents, own	4.6	42.8	45.4	2.6	10.4	45.2	48.0	2.8	7.9	34.4	42.1	7.7	7.4	43.9	46.9	3.0
Independents, concession	9.2	44.3	58.3	14.0	7.1	45.3	58.4	13.1	17.2	39.8	54.6	14.8	8.7	44.2	57.9	13.7
All independents	13.8	43.8	53.1	9.3	17.5	45.2	52.2	7.0	25.1	38.1	50.7	12.6	16.1	44.1	52.9	8.8
All stores	100.0	42.4	45.8	3.4	100.0	44.1	47.4	3.3	100.0	36.7	49.0	12.3	100.0	42.9	46.8	3.9

1/ Volume percentages were calculated from actual total weights in table 17.

Table 19.--Turkeys, ready-to-cook: Farm-to-retail prices and price spreads per pound, by size of bird and by direct distribution channels, San Francisco, November and December 1956 and June 1957 1/

Turkey size, distribution channel and market spread	November 1956		December 1956		June 1957		3-month average	
	Price	Spread	Price	Spread	Price	Spread	Price	Spread
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
Large turkeys:								
Retail sales	42.3	--	45.2	--	44.6	--	43.7	--
Retail spread	--	2.3	--	1.2	--	11.3	--	2.1
Retail purchases	40.0	--	44.0	--	33.3	--	41.6	--
Distributor spread	--	.8	--	1.5	--	-1.0	--	1.6
Distributor purchases	39.2	--	42.5	--	34.3	--	40.0	--
Processor spread	--	9.6	--	10.1	--	11.7	--	11.0
Processor purchases	29.6	--	32.4	--	22.6	--	29.0	--
Gross spread	--	12.7	--	12.8	--	22.0	--	14.7
Medium turkeys:								
Retail sales	48.2	--	48.8	--	50.5	--	48.6	--
Retail spread	--	3.9	--	4.8	--	12.3	--	4.8
Retail purchases	44.3	--	44.0	--	38.2	--	43.8	--
Distributor spread	--	2.1	--	1.3	--	1.1	--	1.7
Distributor purchases	42.2	--	42.7	--	37.1	--	42.1	--
Processor purchases	--	10.7	--	9.5	--	15.0	--	11.4
Processor purchases	31.5	--	33.2	--	22.1	--	30.7	--
Gross spread	--	16.7	--	15.6	--	28.4	--	17.9
Small turkeys:								
Retail sales	56.1	--	58.2	--	55.5	--	56.7	--
Retail spread	--	9.3	--	11.0	--	15.3	--	10.5
Retail purchases	46.8	--	47.2	--	40.2	--	46.2	--
Distributor spread	--	2.0	--	2.5	--	4.1	--	2.7
Distributor purchases	44.8	--	44.7	--	36.1	--	43.5	--
Processor spread	--	2/	--	2/	--	9.0	--	2/
Processor purchases	2/	--	2/	--	27.1	--	2/	--
Gross spread	--	2/	--	2/	--	28.4	--	2/
All turkeys:								
Retail sales	45.8	--	47.4	--	49.0	--	46.8	--
Retail spread	--	3.4	--	3.3	--	12.3	--	3.9
Retail purchases	42.4	--	44.1	--	36.7	--	42.9	--
Distributor spread	--	1.7	--	1.4	--	1.5	--	1.8
Distributor purchases	40.7	--	42.7	--	35.2	--	41.1	--
Processor spread	--	10.3	--	10.0	--	12.4	--	11.4
Processor purchases	30.4	--	32.7	--	22.8	--	29.7	--
Gross spread	--	15.4	--	14.7	--	26.2	--	17.1

1/ In this table, distributor and processor selling prices are assumed to be the purchase prices of their respective retail and distribution outlets. As such, the processor purchase price coincides with the f.o.b. farm price (ready-to-cook equivalent) and a cumulative farm to retail spread for a direct line of distribution can be obtained. The spreads thus obtained at the distributor or processor levels will not necessarily coincide with the average spreads for all sales at these levels (see table 9). The gross farm-to-retail spread, however, will coincide with reported gross spreads resulting from retail selling and processor purchase prices.

2/ Incomplete data.

Note: For more detail see tables 18, 20 and 21.

Table 20.--Turkeys, fresh and frozen, ready-to-cook: Distributors' prices, and price spreads per pound, and quantity handled by size of bird, San Francisco, November and December 1956 and June 1957

Size of turkey and type of pack	November 1956					December 1956				
		Price		Spread			Price		Spread	
	Volume	Purchase	Sales	Average	Range	Volume	Purchase	Sales	Average	Range
	1,000 pounds	Cents	Cents	Cents	Cents	1,000 pounds	Cents	Cents	Cents	Cents
Small turkeys:										
Fresh	105	44.8	47.2	2.4	---	111	44.8	47.4	2.6	---
Frozen	61	44.6	46.1	1.5	---	66	44.6	46.7	2.1	---
All	166	44.8	46.8	2.0	0.5-6.0	177	44.7	47.1	2.4	0.5-6.0
Medium turkeys:										
Fresh	814	42.2	44.7	2.5	---	826	42.8	45.4	2.6	---
Frozen	459	42.1	43.8	1.7	---	412	42.3	44.2	1.9	---
All	1,273	42.2	44.4	2.2	0.5-4.5	1,238	42.7	45.0	2.3	0.5-4.0
Large turkeys:										
Fresh	892	39.5	42.3	2.8	---	808	42.5	45.2	2.7	---
Frozen	804	38.8	40.8	2.0	---	634	42.5	44.6	2.1	---
All	1,695	39.2	41.6	2.4	0.5-5.5	1,442	42.5	44.9	2.4	0.5-5.0
All turkeys:										
Fresh	1,811	41.0	43.7	2.7	---	1,746	42.8	45.4	2.6	---
Frozen	1,324	40.2	42.0	1.8	---	1,112	42.6	44.6	2.0	---
All	3,135	40.7	43.0	2.3	0.5-6.0	2,857	42.7	45.1	2.4	0.5-6.0

Size of turkey and type of pack	June 1957					3-month average				
		Price		Spread			Price		Spread	
	Volume	Purchase	Sales	Average	Range	Volume	Purchase	Sales	Average	Range
	1,000 pounds	Cents	Cents	Cents	Cents	1,000 pounds	Cents	Cents	Cents	Cents
Small turkeys:										
Fresh	7	37.2	40.4	3.2	---	223	44.6	47.1	2.5	---
Frozen	49	36.0	39.2	3.2	---	176	42.2	44.4	2.2	---
All	56	36.1	39.3	3.2	0.5-4.5	399	43.5	45.9	2.4	0.5-6.0
Medium turkeys:										
Fresh	20	36.2	38.3	2.1	---	1,661	42.5	45.0	2.5	---
Frozen	125	37.2	37.7	.5	---	996	41.6	43.2	1.6	---
All	145	37.1	37.8	.7	0.4-4.1	2,657	42.1	44.3	2.2	0.4-4.5
Large turkeys:										
Fresh	20	34.8	35.6	.8	---	1,720	40.8	43.6	2.8	---
Frozen	350	34.2	39.0	4.8	---	1,788	39.2	41.8	2.6	---
All	370	34.3	38.8	4.5	-0.5-6.0	3,508	40.0	42.7	2.7	-0.5-6.0
All turkeys:										
Fresh	47	35.7	37.4	1.7	---	3,604	41.8	44.4	2.6	---
Frozen	524	35.1	38.7	3.6	---	2,960	40.2	42.4	2.2	---
All	572	35.2	38.6	3.4	-0.5-6.0	6,564	41.1	43.5	2.4	-0.5-6.0

Table 21.--Turkeys, ready-to-cook: Processors' purchases and sales, and prices and price spreads per pound, by size of bird, San Francisco, November and December 1956 and June 1957

Size turkey and month	Quantity purchased	Purchase price 1/		Quantity sold in San Francisco	Selling price f.o.b. San Francisco	Price spread on turkeys sold in San Francisco
		At farm	At plant			
	Pounds	Cents	Cents	Pounds	Cents	Cents
Small turkeys:						
November 1956	2/	---	---	1,458	42.3	---
December 1956	2/	---	---	668	42.0	---
June 1957	256,133	27.1	27.6	24,775	38.1	11.0
3-month average	---	---	---	26,901	38.4	---
Medium turkeys:						
November 1956	4,337,141	31.5	32.0	418,076	41.0	9.5
December 1956	2,559,952	33.2	33.8	308,676	41.3	8.1
June 1957	1,148,121	22.1	22.7	70,593	36.5	14.4
3-month average	8,045,214	30.7	31.2	797,345	40.7	10.0
Large turkeys:						
November 1956	5,328,096	29.6	30.1	833,812	40.2	10.6
December 1956	3,601,214	32.4	32.9	437,698	41.0	8.6
June 1957	2,399,723	22.6	23.2	479,282	32.2	9.6
3-month average	11,329,033	29.0	29.6	1,750,792	38.2	9.2
All turkeys:						
November 1956	9,665,237	30.4	31.0	1,253,346	40.5	10.1
December 1956	6,161,166	32.7	33.3	747,042	41.1	8.4
June 1957	3,803,977	22.8	23.3	574,650	33.0	10.2
3-month average	19,630,380	29.7	30.2	2,575,038	39.0	9.3

1/ Average purchase price reported by Central California processors converted to a ready-to-cook equivalent value.

2/ None of the processors reported purchasing small turkeys in November or December 1956, and only one reported sales to San Francisco for small turkeys.

Table 22.--Turkeys, ready-to-cook: Annual average range in processing plant costs per pound for selected cost items, San Joaquin Valley, California, 1956

Cost item	Low	High
	Cents	Cents
Hauling	0.22	0.44
Killing, dressing, and eviscerating	1.77	3.12
Ice	.17	.50
Packaging labor and materials	1.80	4.02
Inspection and grading	.04	.23
Storage and freight to San Francisco	.62	.83
Miscellaneous and overhead	.85	2.25

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